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MONTANA COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 1988

LEWIS AND CLARK AT THREE-FORKS

• • • • • • • *Before Statehood*

“Lewis and Clark at Three-Forks”

This 5 ′ by 11 ′ painting by E.S. Paxson is located in the Montana State Capitol. This painting depicts Sacajawea showing Lewis and Clark where she had been captured by the Mandans and taken from her tribe, the Shoshoni. Lewis and Clark reached Three Forks, the headwaters of the Missouri River, on August 17, 1805.

E.S. Paxson born on April 25, 1852, arrived in Montana Territory in 1877. His work continued until his death in 1919. Included in his works is the world famous “Custer’s Last Stand.”

Photograph of Painting Courtesy of Montana Historical Society.

MONTANA

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

for the fiscal year ended June 30, 1988

Prepared by:

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STATE OF MONTANA

SELECTED STATE OFFICIALS

EXECUTIVE

Ted Schwinden
Governor

Gordon McOmber
Lieutenant Governor

JUDICIAL

J. A. Turnage
Chief Justice

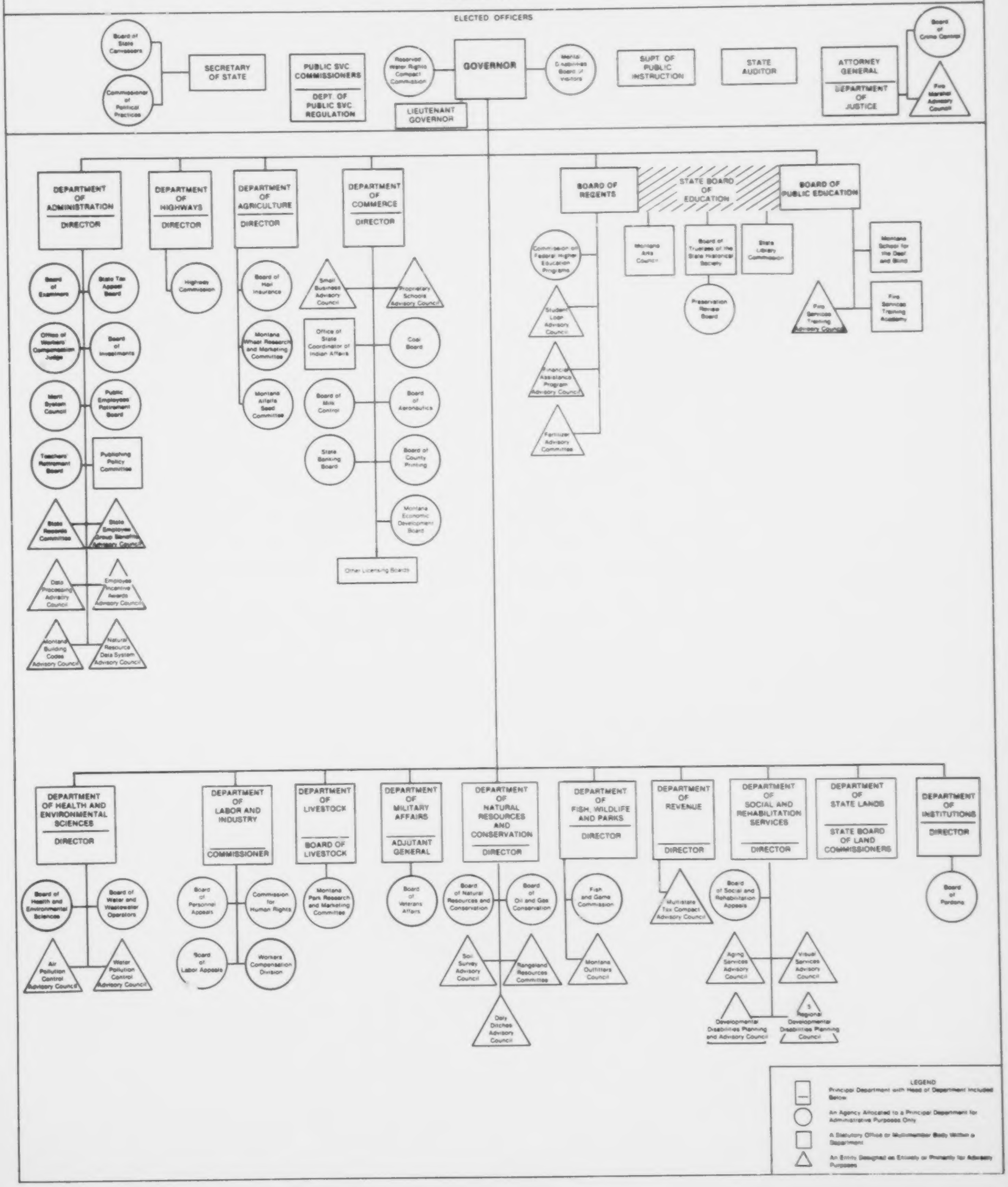
LEGISLATIVE

Dr. Bill Norman
President of the Senate

Bob Marks
Speaker of the House

STATE OF MONTANA
ORGANIZATION OF THE EXECUTIVE BRANCH

SEPTEMBER 1, 1984


ELECTED OFFICERS
Board of State Canvassers
Commissioner of Political Practices
SECRETARY OF STATE
PUBLIC SVC COMMISSIONERS
DEPT. OF PUBLIC SVC. REGULATION
Reserved Water Rights Compact Commission
GOVERNOR
LIEUTENANT GOVERNOR
Mental Disabilities Board of Visitors
SUPT. OF PUBLIC INSTRUCTION
STATE AUDITOR
ATTORNEY GENERAL
DEPARTMENT OF JUSTICE
Board of Crime Control
Fire Marshal Advisory Council
DEPARTMENT OF ADMINISTRATION
DIRECTOR
Board of Examiners
State Tax Appeal Board
Office of Workers' Compensation Judge
Board of Investments
Merit System Council
Public Employees Retirement Board
Teachers' Retirement Board
Publishing Policy Committee
State Records Committee
State Employee Group Benefits Advisory Council
Data Processing Advisory Council
Employee Incentive Awards Advisory Council
Montana Building Codes Advisory Council
Natural Resource Data System Advisory Council
DEPARTMENT OF HIGHWAYS
DIRECTOR
Highway Commission
DEPARTMENT OF AGRICULTURE
DIRECTOR
Board of Hail Insurance
Montana Wheat Research and Marketing Committee
Montana Alfalfa Seed Committee
DEPARTMENT OF COMMERCE
DIRECTOR
Small Business Advisory Council
Proprietary Schools Advisory Council
Office of State Coordinator of Indian Affairs
Coal Board
Board of Milk Control
Board of Aeronautics
State Banking Board
Board of County Printing
Montana Economic Development Board
Other Licensing Boards
BOARD OF REGENTS
STATE BOARD OF EDUCATION
BOARD OF PUBLIC EDUCATION
Commission on Federal Higher Education Programs
Student Loan Advisory Council
Financial Assistance Program Advisory Council
Fertilizer Advisory Committee
Montana Arts Council
Board of Trustees of the State Historical Society
Preservation Review Board
State Library Commission
Montana School for the Deaf and Blind
Fire Services Training Advisory Council
Fire Services Training Academy
DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES
DIRECTOR
Board of Health and Environmental Sciences
Board of Water and Wastewater Operators
Air Pollution Control Advisory Council
Water Pollution Control Advisory Council
DEPARTMENT OF LABOR AND INDUSTRY
COMMISSIONER
Board of Personnel Appeals
Commission for Human Rights
Board of Labor Appeals
Workers Compensation Division
DEPARTMENT OF LIVESTOCK
BOARD OF LIVESTOCK
Montana Pork Research and Marketing Committee
DEPARTMENT OF MILITARY AFFAIRS
ADJUTANT GENERAL
Board of Veterans Affairs
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
DIRECTOR
Board of Natural Resources and Conservation
Board of Oil and Gas Conservation
Soil Survey Advisory Council
Rangeland Resources Committee
Daly Ditches Advisory Council
DEPARTMENT OF FISH, WILDLIFE AND PARKS
DIRECTOR
Fish and Game Commission
Montana Outfitters Council
DEPARTMENT OF REVENUE
DIRECTOR
Multistate Tax Compact Advisory Council
DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
DIRECTOR
Board of Social and Rehabilitation Appeals
Aging Services Advisory Council
Visual Services Advisory Council
Developmental Disabilities Planning and Advisory Council
5 Regional Developmental Disabilities Planning Council
DEPARTMENT OF STATE LANDS
STATE BOARD OF LAND COMMISSIONERS
DEPARTMENT OF INSTITUTIONS
DIRECTOR
Board of Pardons
LEGEND
Principal Department with Head of Department Included Below
An Agency Allocated to a Principal Department for Administrative Purposes Only
A Statutory Office or Multimember Body Within a Department
An Entity Designated as Entirely or Primarily for Advisory Purposes

STATE OF MONTANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 1988

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DEPARTMENT OF ADMINISTRATION
DIRECTOR'S OFFICE

TED SCHWINDEN, GOVERNOR
MITCHELL BUILDING
STATE OF MONTANA
(406) 444-2032
HELENA, MONTANA 59620

October 30, 1988

To the Citizens, Governor and Members of the Legislature of the State of Montana:

In accordance with Section 17-2-110, Montana Code Annotated, I hereby transmit the Comprehensive Annual Financial Report (CAFR) of the State of Montana for the fiscal year ended June 30, 1988. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation rests with the Department of Administration.

Description of the CAFR

This report and the accompanying financial statements and statistical tables were prepared in accordance with standards set forth by the Governmental Accounting Standards Board (GASB).

This CAFR is divided into three main sections: an introductory section containing an organization chart for the State, a table of contents and this transmittal letter; a financial section beginning with the independent auditor's report and containing the general purpose financial statements, combining statements by fund type and other schedules; and a statistical section including financial, economic and demographic data.

Accounting System/Budgetary Control

Montana's Statewide Budgeting and Accounting System (SBAS) is a centrally maintained, fully computerized, double-entry accounting system. SBAS records are computer edited.

In developing and evaluating the State's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

Budgetary control is imposed via legislative and administrative appropriations. SBAS is designed to prevent spending in excess of legislative and administrative authority and/or available cash.

Reporting Entity

The accompanying financial statements include the funds and account groups of all agencies, colleges and universities, vocational-technical centers, boards, commissions and financing authorities that are controlled by or are dependent on the State. Control by or dependence on the State is determined on the basis of the following criteria, as defined in GASB Cod. Sec. 2100: selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and scope of public service.

Independent Audit

The financial statements contained in Montana's Comprehensive Annual Financial Report were audited in accordance with generally accepted auditing standards by the Office of the Legislative Auditor. The Legislative Auditor is appointed by and reports to the Legislative Audit Committee. The Deputy Legislative Auditor issued an unqualified opinion on the State's financial statements for Fiscal Year 1988.

"AN EQUAL OPPORTUNITY EMPLOYER"

General Governmental Functions

(Includes General, Special Revenue, Debt Service and Capital Projects Funds)

Revenues for general governmental functions increased 11.8% from Fiscal Year 1987 to Fiscal Year 1988. This increase was primarily generated by federal income tax reform. A change in reporting of the State's insurance premium tax resulted in an increase in Taxes with a corresponding decrease in Licenses/Permits. Revenues from various sources are shown in the following table:

Revenue Source	Amount (in thousands) 1988	1987	Percent of Total 1988	1987
Licenses/Permits	$ 62,574	$ 80,444	4.8%	6.9%
Taxes	715,724	578,509	54.8	49.5
Charges for Services/Fines/Forfeits	52,990	48,340	4.0	4.1
Investment Earnings	31,149	24,920	2.4	2.1
Sale of Documents/Etc.	3,382	5,749	0.3	0.5
Rentals/Leases/Royalties	383	796	0.0	0.1
Grants/Contracts/Donations	5,936	6,254	0.5	0.5
Federal	427,381	413,923	32.7	35.4
Federal Indirect Cost Recoveries	1,747	3,296	0.1	0.3
Other Revenues	5,462	6,644	0.4	0.6
Total Revenues	$1,306,728	$1,168,875	100.0%	100.0%

Expenditures for general governmental functions decreased 7.6% from Fiscal Year 1987 to Fiscal Year 1988. This decrease was primarily due to advance refundings of debt in 1987. Expenditures by function are shown in the following table:

Expenditure Function	Amount (in thousands) 1988	1987	Percent of Total 1988	1987
General Government	$ 46,308	$ 51,054	3.8%	3.9%
Public Safety/Corrections	66,366	58,140	5.4	4.4
Transportation	233,092	242,470	19.1	18.3
Health/Social Services	358,860	352,299	29.3	26.6
Education/Cultural	328,669	313,616	26.9	23.7
Resource Development/Recreation	57,630	48,468	4.7	3.7
Economic Development/Assistance	71,197	87,737	5.8	6.6
Debt Service	30,927	139,252	2.5	10.5
Capital Outlay	30,669	30,815	2.5	2.3
Total Expenditures	$1,223,718	$1,323,851	100.0%	100.0%

General Fund Summary

The General Fund had an unreserved fund balance of $39.472 million at June 30, 1988 which can be summarized as follows (in thousands):

Fund Balance, July 1, 1987	$ 19,332
Excess of Revenues Over (Under) Expenditures	38,971
Operating Transfers In	87,005
Operating Transfers Out	(100,583)
Bond Proceeds	163
Inception of Lease/Installment Purchase Contract	105
General Fixed Asset Sale Proceeds	69
Prior Period Adjustments	140
Equity Transfers From (To):	
Public Service Commission	79
Legislative Council	200
Increase in Inventories	42
Fund Balance, June 30, 1988	45,523
Reserved for Encumbrances	(3,626)
Reserved for Inventories	(1,834)
Reserved for Long-Term Loans	(591)
Unreserved	$ 39,472

Debt Administration

Montana receives excellent bond ratings from both Moody's Investors Service (Aa) and Standard & Poor's Corporation (AA-). State debt may be authorized either by a two-thirds vote of the members of each house of the Legislature or by a favorable vote of a majority of the State's electors voting thereon. There is no constitutional limit on the amount of debt that may be incurred by the State. The Montana Constitution does, however, prohibit the incurring of debt to cover deficits caused by appropriations exceeding anticipated revenue. General obligation debt decreased from $99.4 million at June 30, 1987 to $91.5 million at June 30, 1988.

The ratio of general obligation debt to assessed valuation and the amount of general obligation debt per capita are:

	Amount (in thousands)	Ratio of Debt to 1987 Assessed Value	Personal Income Debt Per Capita*
General Obligation Debt	$91,542	.33%	$113.15

* Based on 1987 Montana population.

Cash Management

The uniform investment program established by the 1972 Montana Constitution directs that the Board of Investments has sole authority to invest State funds. Permissible investments include bonds, notes, debentures, equipment obligations, common stock, commercial paper, bankers acceptances, interest bearing deposits in Montana financial institutions, real estate and any other investment in a Montana business that continues existing jobs or creates new jobs. These investments are subject to statutory restrictions for quality and size of holdings.

Unless otherwise provided by law, treasury cash is pooled for investment regardless of the fund from which it is deposited and the pool's investment earnings are credited to the General Fund. The Board reported total investment income from investments under their management of $236.3 million, a decrease of .5% from the $237.6 million earned last year. The book value of Board managed investments rose 9.7% to $2.6 billion from $2.371 billion at fiscal year-end 1987. The Board publishes an annual audited report of all its investment activity. That report can be referenced for more in-depth portfolio information.

Significant Events

All indicators of Montana's general economic performance - such as population, income and employment - showed declines, or, at best, very slow growth during the 1980's.

The underlying causes of Montana's economic problems can be found in the basic industries. For example, agriculture has experienced several droughts combined with lethargic growth in domestic and export demands, the wood products industry has invested in new capital-intensive equipment that has increased output but has kept employment and labor income relatively stable, and oil and gas exploration has decreased dramatically as a result of plummeting world energy prices.

Future Prospects

Montana's economy is projected to grow slowly during the next few years. This is a slight improvement over the declines of recent years, but the State's economic performance will continue to lag behind that of the rest of the nation.

The good news for Montana's economy is the opening of new mines and the renewed competitiveness of other basic industries. New mines and the expansion of existing mines have been announced. The dollar's declining value and depleted world grain stocks are encouraging for farmers and ranchers. And the new, efficient plants and equipment allow Montana's wood products industry to compete with foreign producers.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Montana for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 1987. This was the first year that the State has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to conform to the Certificate of Achievement Program requirements and we are submitting it to GFOA to determine its eligibility for another Certificate.

Acknowledgements

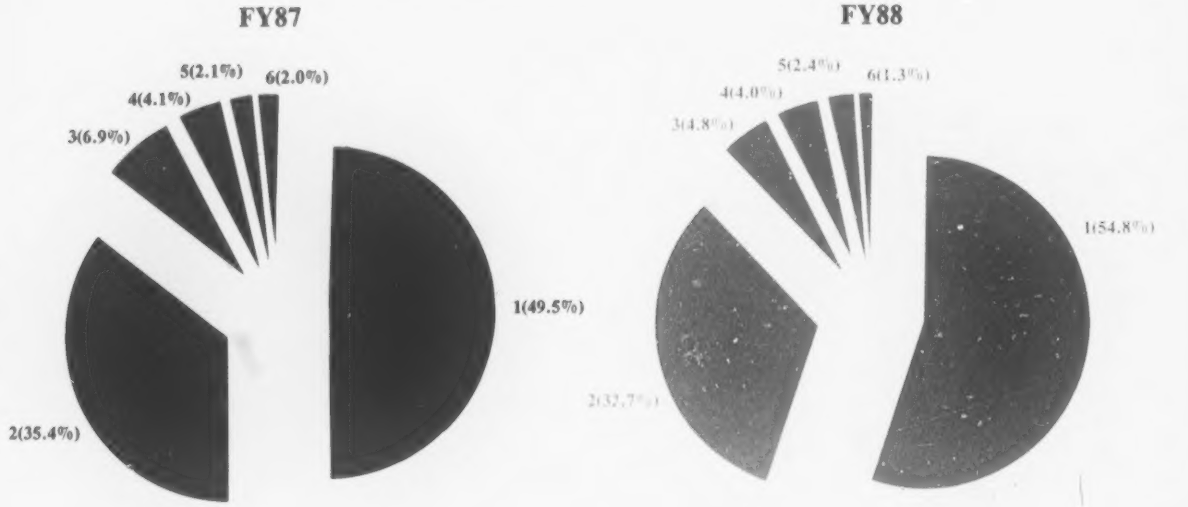
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Accounting Division. I would like to express my appreciation to Accounting Division personnel. I would also like to acknowledge the Bureau of Business and Economic Research, University of Montana for their contribution to narrative sections of the report and thank the Legislature and all State agencies for their interest and support in planning and conducting the financial operations of Montana in a professionally responsible and progressive manner.

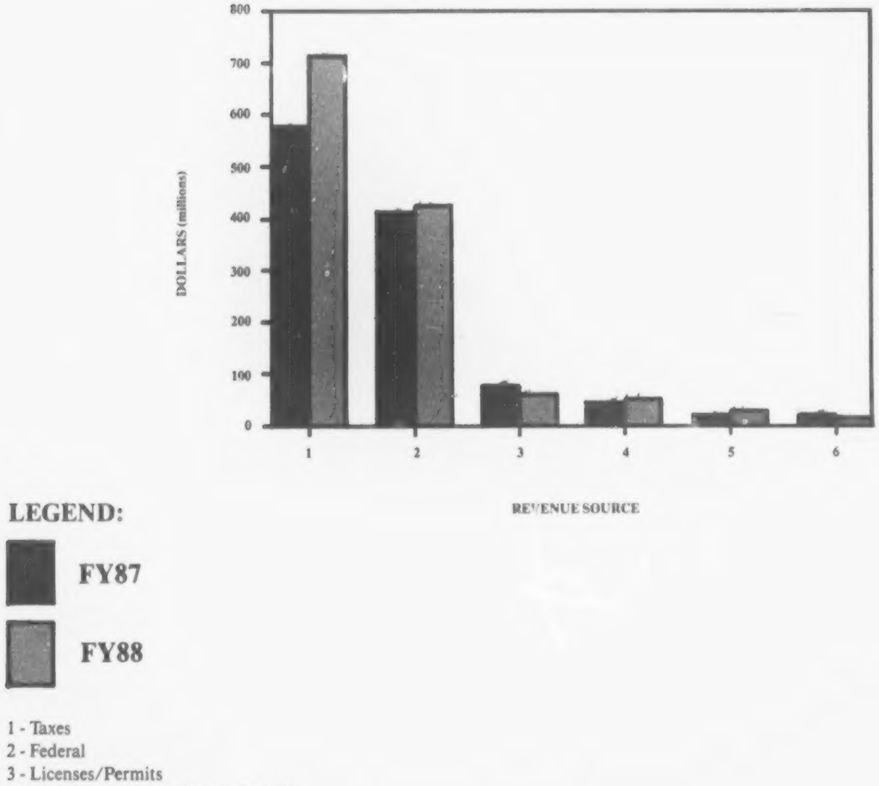
Respectfully submitted,

Ellen Feaver

ELLEN FEAVER, CPA, Director
Department of Administration

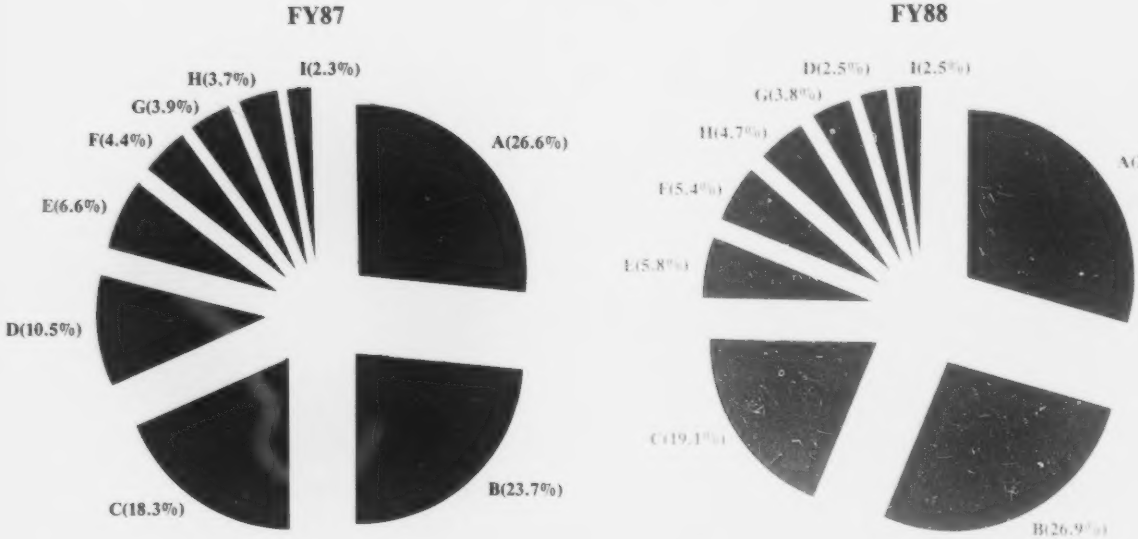
STATE OF MONTANA
REVENUES BY SOURCE
ALL GOVERNMENTAL FUND TYPES

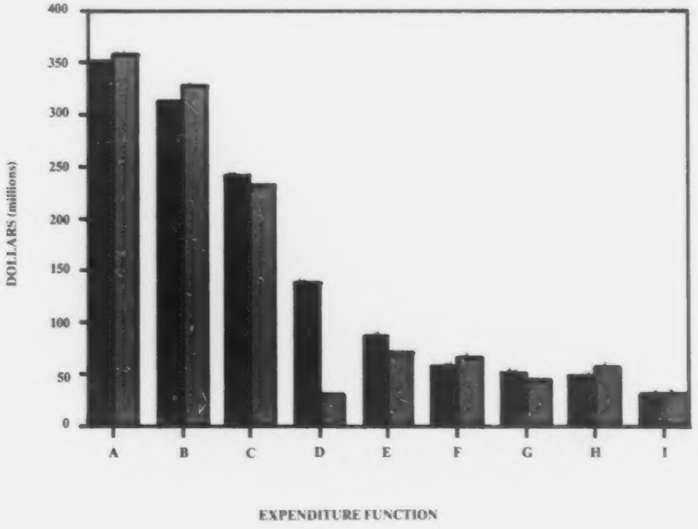




1 - Taxes
2 - Federal
3 - Licenses/Permits
4 - Charges for Service/Fines/Forfeits
5 - Investment Earnings
6 - Other Revenues (includes contributions, premiums, rentals, leases, royalties, grants, contracts, donations, federal indirect cost recoveries and sale of documents, merchandise and property

STATE OF MONTANA
EXPENDITURE BY FUNCTION
ALL GOVERNMENTAL FUND TYPES



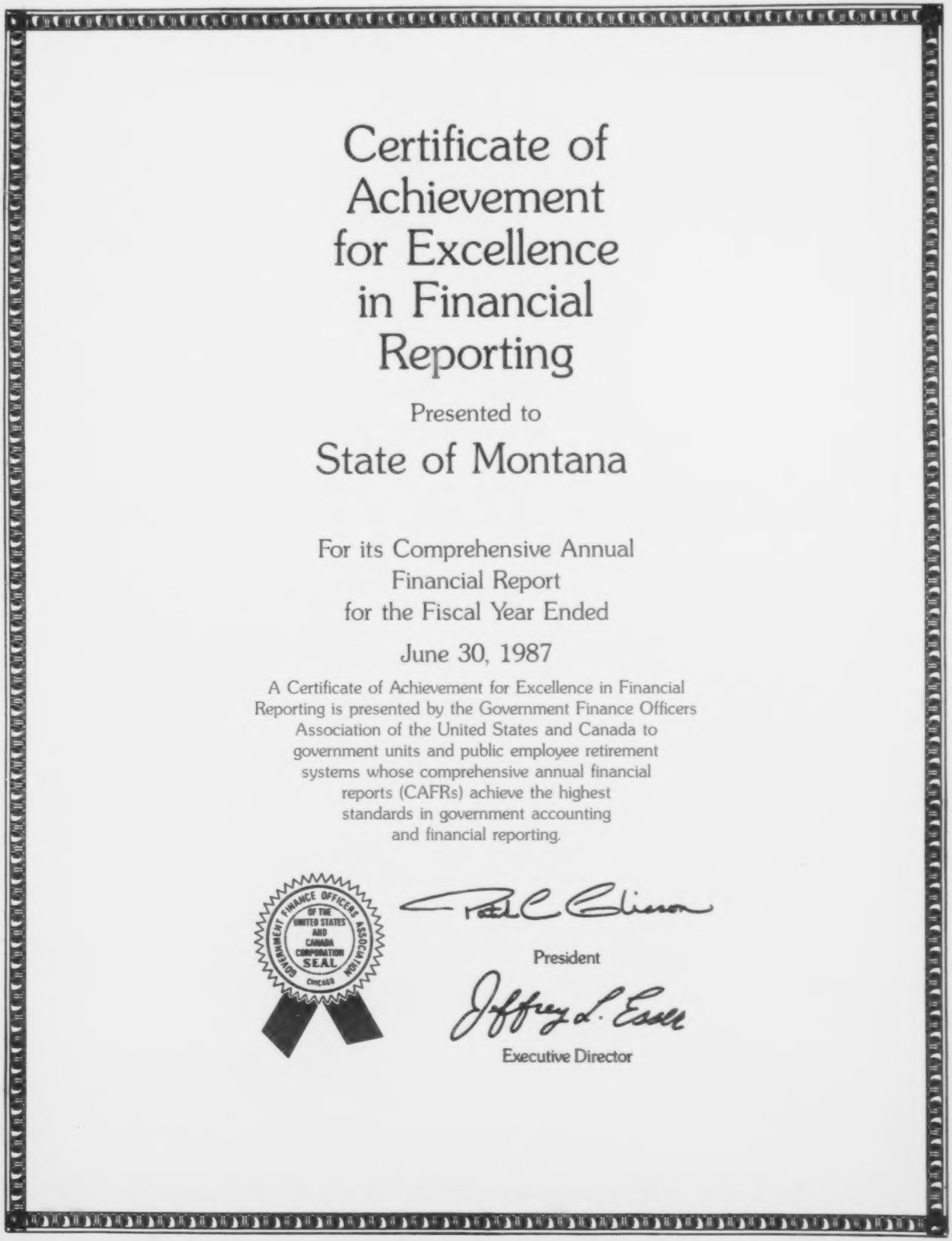


LEGEND:

■ **FY87**

▨ **FY88**

A - Health/Social Services
B - Education/Cultural
C - Transportation
D - Debt Service
E - Economic Development/Assistance
F - Public Safety/Corrections
G - General Government
H - Resource Development/Recreation
I - Capitol Outlay



Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Montana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 1987

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Jeffrey L. Esser
Executive Director

MONTANA Before Statehood

Indian children drawn by horse — Stump Horn family with travois. Christian Barthelmess, photographer. No date.

Photograph Courtesy of Montana Historical Society

GENERAL PURPOSE FINANCIAL STATEMENTS

The following financial statements present the financial position of all fund types and account groups and the operating results of all fund types.

GENERAL PURPOSE
FINANCIAL STATEMENTS

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STATE OF MONTANA
Office of the Legislative Auditor
STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122

LEGISLATIVE AUDITOR:
SCOTT A. SEACAT

LEGAL COUNSEL:
JOHN W. NORTHEY

DEPUTY LEGISLATIVE AUDITORS:
MARY BRYSON
Operations and EDP Audit
JAMES GILLETT
Financial-Compliance Audit
JIM PELLEGRINI
Performance Audit

INDEPENDENT AUDITOR'S REPORT

We have audited the general purpose financial statements of the State of Montana as of and for the year ended June 30, 1988, as listed in the table of contents. These financial statements are the responsibility of the management of the State of Montana. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the following: Montana Board of Housing which statements reflect total assets, liabilities, revenues, and expenses of 88 percent, 91 percent, 38 percent, and 39 percent, respectively, of the related Enterprise Fund; and Montana State Lottery, which statements reflect total assets, liabilities, revenues, and expenses of 0.8 percent, 0.9 percent, 14 percent, and 11 percent, respectively, of the related Enterprise Fund. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Montana Board of Housing and Montana State Lottery, is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to in the table of contents present fairly, in all material respects, the financial position of the State of Montana as of June 30, 1988, and the results of operations and the changes in financial position of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group statements/schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Montana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The other data included in this report have not been audited by us, and accordingly, we express no opinion on such data.

Respectfully submitted,

James Gillett

James Gillett, CPA
Deputy Legislative Auditor

October 19, 1988

STATE OF MONTANA
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1988
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE
ASSETS/OTHER DEBITS						
Assets:						
Cash/Cash Equivalents (Note 4)	$ 22,689	$ 110,772	$ 18,040	$ 1,319	$ 100,711	$ 9,708
Cash with Fiscal Agent (Note 4)	-	624	-	-	16	70
Receivables (Net of Uncollectibles)	20,736	27,292	2,901	69	8,347	342
Interfund Loans Receivable (Note 5)	14,119	42,253	-	400	-	210
Due from Other Governments	7	62,991	-	228	-	10
Due from Other Funds (Note 5)	53,587	33,383	52	142	752	5,668
Inventories	1,834	18,001	-	-	7,919	3,335
Equity in Pooled Cash/Investments (Note 4)	-	98,759	14,579	9,078	11,568	3,839
Long-Term Loans/Notes Receivable	390	7,899	22,316	64	452,109	-
Investments (Note 4)	-	48,208	5,259	-	97,322	3,682
Deferred (Gains) Losses	-	-	-	-	-	-
Land	-	-	-	-	-	926
Buildings/Improvements	-	-	-	-	2,119	1,357
Equipment	-	-	-	-	2,387	80,526
Other Fixed Assets	-	-	-	-	5	10
Construction in Progress	-	-	-	-	-	176
Accumulated Depreciation	-	-	-	-	(1,620)	(36,451)
Intangible Assets	-	-	-	-	721	182
Deferred Charges	-	-	-	-	10,346	169
Other Assets	789	1,710	-	4	82	61
OTHER DEBITS:						
Amount Available - Debt Service Funds	-	-	-	-	-	-
Resources to be Provided in Future Years	-	-	-	-	-	-
TOTAL ASSETS/OTHER DEBITS	$114,151	$ 451,892	$ 63,147	$ 11,304	$ 692,784	$ 73,820
LIABILITIES/EQUITY/OTHER CREDITS						
Liabilities:						
Accounts Payable	$ 17,641	$ 53,183	$ 925	$ 679	$ 8,258	$ 2,516
Lottery Prizes Payable	-	-	-	-	3,506	-
Interfund Loans Payable (Note 5)	20,000	35,609	-	400	73	900
Due to Other Governments	1	2,453	-	-	-	-
Due to Other Funds (Note 5)	11,819	53,213	934	92	3,522	1,898
Deferred Revenue	18,982	31,674	1,757	57	464	241
Installment Purchase/Lease Payable (Note 7)	-	-	-	-	548	2,809
Bonds/Notes Payable (Net) (Note 6)	-	-	-	-	593,357	6,280
Property Held in Trust	184	2,156	-	192	-	204
Compensated Absences Payable (Note 1)	-	-	-	-	435	1,848
Estimated Claims (Notes 11/17)	-	-	-	-	5,469	-
Other Liabilities	1	-	-	-	-	-
Total Liabilities	68,628	178,288	3,616	1,420	615,632	16,696
Equity/Other Credits:						
Investment in General Fixed/Plant Assets	-	-	-	-	-	-
Contributed Capital	-	-	-	-	2,607	2,574
Retained Earnings:						
Reserved	-	-	-	-	67,326	6,925
Unreserved	-	-	-	-	7,219	47,625
Fund Balances:						
Reserved for Encumbrances	3,626	20,027	-	-	-	-
Reserved for Inventories	1,834	18,001	-	-	-	-
Reserved for Long-Term Loans	591	5,931	22,316	-	-	-
Reserved for Debt Service	-	-	37,215	-	-	-
Reserved for Trusts/Endowments	-	-	-	-	-	-
Reserved for Retirement Systems	-	-	-	-	-	-
Unreserved, undesignated	39,472	229,645	-	9,884	-	-
Total Equity/Other Credits	45,523	273,604	59,531	9,884	77,152	57,124
TOTAL LIABILITIES/EQUITY/OTHER CREDITS	$114,151	$ 451,892	$ 63,147	$ 11,304	$ 692,784	$ 73,820

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUND TYPES	ACCOUNT GROUPS			TOTALS - JUNE 30 (MEMORANDUM ONLY)	
TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	HIGHER EDUCATION FUNDS	1988	1987
$ 94,726	$ -	$ -	$ 28,610	$ 386,575	$ 356,993
-	-	-	2,967	3,677	9,386
88,177	-	-	22,176	170,040	153,694
-	-	-	7,352	64,334	30,339
23	-	-	1,069	64,328	34,887
24,230	-	-	13,921	131,735	119,467
-	-	-	4,261	35,350	34,877
563,247	-	-	16,093	717,163	705,216
30,354	-	-	895	514,027	506,487
1,763,448	-	-	11,139	1,929,058	1,735,702
18,962	-	-	-	18,962	16,796
49,459	46,438	-	9,329	106,152	104,035
342	184,956	-	252,078	440,852	435,688
181	67,837	-	94,574	245,505	224,587
-	27,300	-	46,671	73,986	72,281
-	2,650	-	7,193	10,019	9,193
(221)	-	-	-	(38,292)	(33,340)
14	-	-	722	1,639	1,334
-	-	-	-	10,515	11,040
32,393	-	-	4,798	39,837	33,331
-	-	59,531	-	59,531	41,700
-	-	259,678	-	259,678	263,358
$ 2,665,335	$ 329,181	$ 319,209	$ 523,848	$ 5,244,671	$ 4,867,051
$ 7,894	$ -	$ -	$ 17,416	$ 108,512	$ 106,075
-	-	-	-	3,506	1,094
-	-	-	7,352	64,334	30,339
74,690	-	-	380	77,524	54,253
46,156	-	-	14,101	131,735	119,467
2,119	-	-	2,860	58,154	40,597
-	-	389	1,078	4,824	12,123
-	-	292,758	86,136	978,531	950,031
289,897	-	-	1,801	294,434	328,135
69	-	26,062	13,068	41,482	41,203
149,168	-	-	-	154,637	4,553
1,543	-	-	-	1,544	7,966
571,536	-	319,209	144,192	1,919,217	1,695,836
-	329,181	-	328,547	657,728	653,307
-	-	-	-	5,181	5,340
-	-	-	-	74,251	69,985
-	-	-	-	54,844	52,389
-	-	-	2,268	25,921	18,318
-	-	-	-	19,835	19,103
1,773	-	-	-	30,611	43,269
-	-	-	17,495	54,710	34,719
747,150	-	-	19,966	767,116	704,169
1,380,995	-	-	-	1,380,995	1,244,503
(36,119)	-	-	11,380	254,262	326,113
2,093,799	329,181	-	379,656	3,325,454	3,171,215
$ 2,665,335	$ 329,181	$ 319,209	$ 523,848	$ 5,244,671	$ 4,867,051

STATE OF MONTANA
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY) YEAR ENDED JUNE 30	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST	1988	1987
REVENUES:							
Licenses/Permits	$ 8,212	$ 54,362	$ -	$ -	$ -	$ 62,574	$ 80,444
Taxes:							
Gas/Oil/Coal Production	30,937	29,483	43,123	-	-	103,543	95,479
Individual Income	142,747	76,495	23,989	-	-	243,231	194,678
Corporate Income	27,027	14,528	4,645	-	-	46,200	34,567
Other	58,789	251,909	9,768	2,284	-	322,750	253,785
Charges for Services/Fines/Forfeits	18,406	33,651	903	30	1,798	54,788	50,064
Investment Earnings	16,032	12,213	2,108	796	4,457	35,606	77,100
Sale of Documents/Mdse./Property	153	3,229	-	-	-	3,382	5,749
Rentals/Leases/Royalties	140	243	-	-	-	383	796
Contributions/Premiums	-	410	-	-	140,188	140,598	131,290
Grants/Contracts/Donations	-	3,888	-	2,048	31	5,967	6,284
Federal	707	425,049	168	1,457	3,333	430,714	416,238
Federal Indirect Cost Recoveries	241	1,506	-	-	-	1,747	3,296
Other Revenues	3,117	1,925	-	10	-	5,052	7,284
Total Revenues	306,508	908,891	84,704	6,625	149,807	1,456,535	1,357,054
Intrafund Revenues	(430)	(13,289)	(55)	-	-	(13,774)	(10,555)
Net Revenues	306,078	895,602	84,649	6,625	149,807	1,442,761	1,346,499
EXPENDITURES:							
Current:							
General Government	31,130	15,167	-	11	-	46,308	51,054
Public Safety/Corrections	31,995	34,371	-	-	-	66,366	58,140
Transportation	797	232,295	-	-	329	233,421	242,912
Health/Social Services	131,940	226,920	-	-	-	358,860	352,299
Education/Cultural	48,604	280,065	-	-	30	328,699	313,643
Resource Development/Recreation	11,999	45,628	-	3	-	57,630	48,468
Economic Development/Assistance	6,113	65,084	-	-	135,018	206,215	219,337
Debt Service:							
Principal Retirement	81	591	8,504	-	-	9,176	116,393
Interest/Fiscal Charges	2,505	998	18,248	-	-	21,751	22,859
Capital Outlay	2,373	15,069	-	13,227	4	30,673	30,823
Total Expenditures	267,537	916,188	26,752	13,241	135,381	1,359,099	1,455,928
Intrafund Expenditures	(430)	(13,289)	(55)	-	-	(13,774)	(10,555)
Net Expenditures	267,107	902,899	26,697	13,241	135,381	1,345,325	1,445,373
Excess of Revenues Over (Under) Expenditures	38,971	(7,297)	57,952	(6,616)	14,426	97,436	(98,874)
OTHER FINANCING SOURCES (USES):							
Bond Proceeds	163	23,415	-	-	-	23,578	149,824
Inception of Lease/Installment Contract	105	258	-	-	-	363	77
General Fixed Asset Sale Proceeds	69	4	-	-	-	73	4
Operating Transfers In (Note 5)	87,005	54,297	28,575	973	10,993	181,843	201,512
Operating Transfers Out (Note 5)	(100,583)	(33,549)	(75,917)	(2,146)	(7,904)	(220,099)	(274,712)
Total Other Financing Sources (Uses)	(13,241)	44,425	(47,342)	(1,173)	3,089	(14,242)	76,705
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses	25,730	37,128	10,610	(7,789)	17,515	83,194	(22,169)
FUND BALANCES - JULY 1 - As Previously Reported	19,332	231,455	41,700	17,673	98,421	408,581	394,642
Prior Period Adjustments (Note 2)	140	695	775	-	(150,282)	(148,672)	1,154
FUND BALANCES - July 1 - As Restated	19,472	232,150	42,475	17,673	(51,861)	259,909	395,796
Increase (Decrease) in Inventories	42	690	-	-	-	732	(6
Residual Equity Transfers (Note 5)	279	3,636	6,446	-	-	10,361	35,014
FUND BALANCES - JUNE 30	$ 45,523	$ 273,604	$ 59,531	$ 9,884	$ (34,346)	$ 354,196	$ 408,581

The notes to the financial statements are an integral part of this statement.

STATE OF MONTANA
Combined Statement of Revenues, Expenditures, Other Financing Sources (Uses)
and Reconciliation of Budget and Actual (Budgetary Basis) to GAAP Basis
General and Special Revenue Fund Types
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	GENERAL FUND			SPECIAL REVENUE FUNDS			TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL	VARIANCE OVER (UNDER)	BUDGET	ACTUAL	VARIANCE OVER (UNDER)	BUDGET	ACTUAL	VARIANCE OVER (UNDER)
REVENUES:									
Licenses/Permits	$ 44,178	$ 39,834	$ (4,344)	$ 52,537	$ 54,362	$ 1,825	$ 96,715	$ 94,196	$ (2,519)
Taxes:									
Gas/Oil/Coal Production	29,185	30,937	1,752	24,749	29,483	4,734	53,934	60,420	6,486
Individual Income	131,214	142,747	11,533	71,694	76,495	4,801	202,908	219,242	16,334
Corporate Income	26,981	27,027	46	14,231	14,528	297	41,212	41,555	343
Other Taxes	24,778	27,167	2,389	178,600	168,100	(10,500)	203,378	195,267	(8,111)
Charges for Services/Fines/Forfeits	18,709	18,406	(303)	37,120	33,651	(3,469)	55,829	52,057	(3,772)
Investment Earnings	14,677	16,032	1,355	8,713	12,213	3,500	23,390	28,245	4,855
Sale of Documents/Merchandise/Property	69	153	84	4,236	3,229	(1,007)	4,305	3,382	(923)
Rentals/Leases/Royalties	124	140	16	260	243	(17)	384	383	(1)
Contributions/Premiums	-	-	-	388	410	22	388	410	22
Grants/Contracts/Donations	-	-	-	7,386	3,888	(3,498)	7,386	3,888	(3,498)
Federal	276	707	431	433,990	425,049	(8,941)	434,266	425,756	(8,510)
Federal Indirect Cost Recoveries	207	241	34	2,819	1,506	(1,313)	3,026	1,747	(1,279)
Other Revenues	784	3,117	2,333	2,673	1,925	(748)	3,457	5,042	1,585
Total Revenues	291,182	306,508	15,326	839,396	825,082	(14,314)	1,130,578	1,131,590	1,012
EXPENDITURES:									
Current:									
General Government	34,039	31,098	2,941	28,977	15,091	13,886	63,016	46,189	16,827
Public Safety/Corrections	33,311	31,875	1,436	40,781	34,536	6,245	74,092	66,411	7,681
Transportation	699	689	10	275,310	238,723	36,587	276,009	239,412	36,597
Health/Social Services	138,811	133,246	5,565	251,100	231,915	19,185	389,911	365,161	24,750
Education/Cultural	49,003	48,666	337	200,461	195,440	5,021	249,464	244,106	5,358
Resource Development/Recreation	12,284	12,070	214	92,027	40,698	51,329	104,311	52,768	51,543
Economic Development/Assistance	6,568	6,198	370	84,887	65,434	19,453	91,455	71,632	19,823
Debt Service:									
Principal Retirement	101	101	-	610	610	-	711	711	-
Interest/Fiscal Charges	2,509	2,509	-	969	969	-	3,478	3,478	-
Capital Outlay	2,355	2,353	2	15,114	15,046	68	17,469	17,399	70
Total Expenditures	279,680	268,805	10,875	990,236	838,462	151,774	1,269,916	1,107,267	162,649
Excess of Revenues Over (Under) Expenditures	11,502	37,703	26,201	(150,840)	(13,380)	137,460	(139,338)	24,323	163,661
OTHER FINANCING SOURCES (USES):									
Bond Proceeds	138	163	25	-	23,415	23,415	138	23,578	23,440
General Fixed Asset Sale Proceeds	65	69	4	6	4	(2)	71	73	2
Operating Transfers In	86,388	87,004	616	159,034	83,925	(75,109)	245,422	170,929	(74,493)
Operating Transfers Out	(165,098)	(100,665)	64,433	(81,634)	(63,239)	18,395	(246,732)	(163,904)	82,828
Total Other Financings Sources (Uses)	(78,507)	(13,429)	65,078	77,406	44,105	(33,301)	(1,101)	30,676	31,777
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses (Budgetary Basis)	(67,005)	24,274	91,279	(73,434)	30,725	104,159	(140,439)	54,999	195,438
RECONCILIATION OF BUDGETARY/GAAP REPORTING:									
1. Adjust expenditures for encumbrances.	-	836	836	-	(1,068)	(1,068)	-	(232)	(232)
2. Adjustments for appropriated loans/ other nonbudgeted activity.	-	620	620	-	7,471	7,471	-	8,091	8,091
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses (GAAP Basis)	(67,005)	25,730	92,735	(73,434)	37,128	110,562	(140,439)	62,858	203,297
Unreserved Fund Balances - July 1	10,557	10,557	-	191,173	191,173	-	201,730	201,730	-
Residual Equity Transfers	279	279	-	3,636	3,636	-	3,915	3,915	-
Prior Period Adjustments	-	140	140	-	695	695	-	835	835
Decrease (Increase):									
Encumbrances Reserve	-	(2,095)	(2,095)	-	(4,351)	(4,351)	-	(6,446)	(6,446)
Long-Term Loans Reserve	-	4,861	4,861	-	1,364	1,364	-	6,225	6,225
Unreserved Fund Balances - June 30	$ (56,169)	$ 39,472	$ 95,641	$ 121,375	$ 229,645	$108,270	$ 65,206	$ 269,117	$203,911

STATE OF MONTANA
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances
All Proprietary Fund Types and Similar Trust Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY) YEAR ENDED JUNE 30	
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PENSION TRUST	1988	1987
OPERATING REVENUES:						
Charges for Services	$ 74,929	$ 51,594	$ 4,707	$ -	$ 131,230	$ 107,981
Investment Earnings	62,915	1,122	72,515	127,335	263,887	237,790
Contributions/Premiums	7,462	-	-	125,798	133,260	133,601
Taxes	8,700	-	5,166	-	13,866	13,493
Rentals/Leases/Royalties	-	-	23,022	-	23,022	5,689
Grants/Contracts/Donations	-	-	664	-	664	693
Other Operating Revenues	69	65	113	594	841	165
Total Operating Revenues	154,075	52,781	106,187	253,727	566,770	499,412
Intrafund Revenues	(229)	(102)	-	(2,071)	(2,402)	(325)
Net Operating Revenues	153,846	52,679	106,187	251,656	564,368	499,087
OPERATING EXPENSES:						
Personal Services	5,455	17,427	-	671	23,553	20,694
Contractual Services	6,225	4,281	-	302	10,808	9,193
Supplies/Materials	25,388	9,941	-	22	35,351	34,202
Expendable Equipment	10	282	-	2	294	77
Benefits	28,878	2,329	-	99,132	130,339	119,391
Refunds	-	-	-	16,867	16,867	14,056
Depreciation	302	7,547	-	26	7,875	6,018
Utilities/Rent	934	2,309	-	61	3,304	3,020
Communications	887	5,462	-	73	6,422	6,462
Travel	114	367	-	15	496	384
Repair/Maintenance	160	3,037	-	10	3,207	3,035
Lottery Prize Payments	9,477	-	-	-	9,477	2,164
Debt Service	51,273	1,624	-	-	52,897	56,590
Other Operating Expenses	607	556	-	79	1,242	792
Total Operating Expenses	129,710	55,162	-	117,260	302,132	276,078
Intrafund Expenses	(229)	(102)	-	(2,071)	(2,402)	(325)
Net Operating Expenses	129,481	55,060	-	115,189	299,730	275,753
Operating Income (Loss)	24,365	(2,381)	106,187	136,467	264,638	223,334
NONOPERATING REVENUES (EXPENSES):						
Gain (Loss) Sale of Fixed Assets	(32)	(58)	-	(34)	(124)	4,768
Increase (Decrease) in Value of Livestock	-	206	-	-	206	498
Federal Assistance	-	-	11	-	11	-
Federal Indirect Cost Recoveries	-	3,050	-	-	3,050	663
Other Nonoperating Revenues (Expenses)	-	-	(4)	-	(4)	-
Total Nonoperating Revenues (Expenses)	(32)	3,198	7	(34)	3,139	5,929
Income (Loss) Before Operating Transfers	24,333	817	106,194	136,433	267,777	229,263
Operating Transfers In (Note 5)	45	2,354	35,757	-	38,156	38,890
Operating Transfers Out (Note 5)	(20,713)	-	(84,859)	-	(105,572)	(66,750)
Net Income (Loss) Before Extraordinary Items	3,665	3,171	57,092	136,433	200,361	201,403
Extraordinary Gain (loss) on Advance Refunding	-	(280)	-	-	(280)	-
Net Income (Loss)	3,665	2,891	57,092	136,433	200,081	201,403
RETAINED EARNINGS/FUND BALANCES - July 1 As Previously Reported	70,863	51,511	702,219	1,244,503	2,069,096	1,902,318
Prior Period Adjustments (Note 2)	17	148	(1,764)	59	(1,540)	665
RETAINED EARNINGS/FUND BALANCES - July 1 - As Restated	70,880	51,659	700,455	1,244,562	2,067,556	1,902,983
Residual Equity Transfers (Note 5)	-	-	(10,397)	-	(10,397)	(35,290)
RETAINED EARNINGS/FUND BALANCES - JUNE 30	$ 74,545	$ 54,550	$ 747,150	$1,380,995	$2,257,240	$2,069,096

The notes to the financial statements are an integral part of this statement.

STATE OF MONTANA
Combined Statement of Changes in Financial Position
All Proprietary Fund Types and Similar Trust Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY) YEAR ENDED JUNE 30	
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PENSION TRUST	1988	1987
SOURCES OF WORKING CAPITAL:						
Operations:						
Net Income (Loss)	$ 3,665	$ 3,171	$ 57,092	$ 136,433	$ 200,361	$ 201,403
Items not Requiring Working Capital:						
Depreciation	302	7,547	-	26	7,875	6,018
Amoritization of Net (Gain) Loss on Securities Exchanged	-	-	-	1,970	1,970	2,103
Working Capital Provided by Operations, Exclusive of Extraordinary Items	3,967	10,718	57,092	138,429	210,206	209,524
Extraordinary Items	-	(280)	-	-	(280)	-
Working Capital Provided by Operations	3,967	10,438	57,092	138,429	209,926	209,524
Decrease in Long-Term Investments	10,872	3,654	347,291	255,133	616,950	891,232
Disposal of Fixed Assets	213	667	-	56	936	1,572
Decrease in Noncurrent Receivables	5,345	29	37,469	-	42,843	53,204
Increase in Noncurrent Payables	72,574	10,665	-	-	83,239	61,455
Increase in Contributed Capital	33	676	-	-	709	2,236
Increase in Compensated Absences Payable	73	354	-	1	428	250
Addition to Fund Equity Due to Prior Period Adjustments	-	-	-	-	-	3,454
Total Sources of Working Capital	93,077	26,483	441,852	393,619	955,031	1,222,927
USES OF WORKING CAPITAL:						
Increase in Long-Term Investments	34,575	3,667	374,791	412,596	825,629	1,010,920
Acquisition of Fixed Assets	211	11,684	-	108	12,003	9,554
Increase in Noncurrent Receivables	1,999	-	43,283	-	45,282	23,056
Decrease in Noncurrent Payables	70,592	11,706	-	-	82,298	191,916
Decrease in Contributed Capital	11	858	-	-	869	271
Decrease in Compensated Absences Payable	51	103	-	5	159	152
Reduction of Fund Equity Due to Prior Period Adjustments	-	-	-	-	-	2,789
Reduction of Fund Equity Due to Residual Equity Transfers	-	-	10,397	-	10,397	35,290
Total Uses of Working Capital	107,439	28,018	428,471	412,709	976,637	1,273,948
Net Increase (Decrease) in Working Capital	$ (14,362)	$ (1,535)	$ 13,381	$ (19,090)	$ (21,606)	$ (51,021)
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:						
Cash/Cash Equivalents	$ (1,159)	$ 297	$ (1,585)	$ 8,564	$ 6,117	$ 8,478
Cash with Fiscal Agent	(2,178)	64	-	-	(2,114)	(2,604)
Receivables (Net)	(2,031)	(193)	2,480	2,968	3,224	9,733
Interfund Loans Receivable	-	(3,070)	-	(50)	(3,120)	3,095
Due from Other Governments	-	10	-	-	10	-
Due from Other Funds	(1,224)	2,717	(14,998)	(1,606)	(15,111)	11,097
Inventories	22	(44)	-	-	(22)	1,976
Equity in Pooled Cash/Investments	(5,108)	551	35,809	(31,004)	248	(69,377)
Other Assets	14	43	-	-	57	15
Accounts Payable	(1,639)	(434)	(583)	274	(2,382)	(1,450)
Lottery Prizes Payable	(2,412)	-	-	-	(2,412)	(1,094)
Interfund Loans Payable	1,307	(350)	32	50	1,039	(1,337)
Due to Other Governments	-	-	-	(6)	(6)	-
Due to Other Funds	(4)	(833)	(7,747)	1,761	(6,823)	(9,244)
Deferred Revenue	50	(217)	(27)	1	(193)	(355)
Property Held in Trust	-	(76)	-	(43)	(119)	47
Other Liabilities	-	-	-	1	1	(1)
Net Increase (Decrease) in Working Capital	$ (14,362)	$ (1,535)	$ 13,381	$ (19,090)	$ (21,606)	$ (51,021)

The notes to the financial statments are an integral part of this statement.

STATE OF MONTANA
Statement of Revenues, Expenditures, Transfers and Changes in Fund Balance
All Higher Education Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	CURRENT FUNDS			
	UNRESTRICTED			
	GENERAL OPERATING	DESIGNATED	AUXILIARY	RESTRICTED
REVENUES/OTHER ADDITIONS:				
Tuition/Fees	$ 27,750	$ 3,531	$ 4,797	$ 58
State Appropriations	-	-	-	120
Local Appropriations	1,703	-	-	-
Federal Grants/Contracts	3,701	14	-	28,942
State Grants/Contracts	3	192	-	3,427
Local Grants/Contracts	-	-	-	442
Private Gifts/Grants/Donations	2	209	2	7,982
Endowment Income	-	-	-	7
Sales/Services-Educational Activities	826	958	125	17
Sales/Services-Designated/Auxiliary Enterprises	9	8,788	29,160	296
Indirect Costs Recovered	946	320	-	1
Investment Earnings	31	37	402	233
Acquisition of Long-Lived Assets	-	-	-	-
Retirement of Indebtedness	-	-	-	-
Other Revenues/Additions	685	4,757	237	465
Total Revenues/Other Additions	35,656	18,806	34,723	41,990
Intrafund Revenues/Other Additions	(65)	-	-	(76)
Net Revenues/Other Additions	35,591	18,806	34,723	41,914
EXPENDITURES/OTHER DEDUCTIONS:				
Instruction	64,413	2,531	133	3,355
Research	9,192	188	-	11,040
Public Service	3,539	666	42	3,815
Academic Support	10,789	2,556	-	1,040
Student Services	11,128	2,691	-	1,972
Institutional Support	10,536	6,487	514	815
Independent Operations	1,155	-	-	-
Scholarships/Fellowships	2,944	-	-	16,759
Auxiliary Enterprises	-	-	28,967	-
Operation/Maintenance of Plant	16,212	1,960	-	68
Expendable Plant	-	-	-	-
Debt Services	124	99	22	19
Capital Outlay	4,617	1,942	172	2,705
Disposal of Long-Lived Assets	-	-	-	-
Debt Incurred	-	-	-	-
Other Expenditures/Deductions	2,244	-	2	18
Total Expenditures/Other Deductions	136,893	19,120	29,852	41,606
Intrafund Expenditures/Other Deductions	(65)	-	-	(76)
Net Expenditures/Other Deductions	136,828	19,120	29,852	41,530
TRANSFERS IN (OUT)/OTHER ADDITIONS (DEDUCTIONS):				
Transfers from State General Fund	89,057	-	-	-
Millage Transfers	13,714	-	-	-
Mandatory Transfers	917	(427)	(3,862)	-
Nonmandatory Transfers	313	133	(466)	56
Total Transfers In (Out) (Note 5)	104,001	(294)	(4,328)	56
Move Equity to Investment in Plant	-	-	-	-
Gain (Loss) on Advance Refunding	-	-	-	-
Bond Proceeds	-	-	-	-
Total Transfers In (Out)/Other Additions (Deductions)	104,001	(294)	(4,328)	56
Net Increase (Decrease) in Fund Balances	2,764	(608)	543	440
FUND BALANCES - July 1 - As Previously Reported	(10,548)	3,684	5,907	2,072
Prior Period Adjustments (Note 2)	(20)	144	1	-
FUND BALANCES - July 1 - As Restated	(10,568)	3,828	5,908	2,072
Residual Equity Transfers (Note 5)	-	43	-	(43)
FUND BALANCES - June 30	$ (7,804)	$ 3,263	$ 6,451	$ 2,469

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUNDS		PLANT FUNDS				TOTALS (MEMORANDUM ONLY) YEAR ENDED JUNE 30	
STUDENT LOANS	ENDOWMENTS	UNEXPENDED	RENEWAL AND REPLACEMENT	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	1988	1987
$ -	$ -	$ 1,062	$ 115	$ 1,534	$ -	$ 38,847	$ 39,346
-	-	-	-	-	-	120	124
-	-	-	-	-	-	1,703	2,082
544	-	-	-	23	-	33,224	33,180
12	-	-	-	-	-	3,634	4,051
-	-	-	-	-	-	442	574
7	116	151	-	-	-	8,469	7,486
-	-	-	-	-	-	7	1,801
-	-	-	-	-	-	1,926	2,011
-	-	156	86	110	-	38,605	43,266
-	-	-	-	-	-	1,267	1,240
301	2	799	276	1,367	-	3,448	2,116
-	-	-	-	-	26,159	26,159	37,637
-	-	-	-	-	12,556	12,556	16,998
212	-	1,959	10	539	-	8,864	16,574
1,076	118	4,127	487	3,573	38,715	179,271	208,486
(8)	-	(88)	-	(215)	-	(452)	(125)
1,068	118	4,039	487	3,358	38,715	178,819	208,361
2	-	4	-	-	-	70,438	74,944
-	-	-	-	-	-	20,420	20,063
-	-	-	-	-	-	8,062	8,362
-	-	-	-	-	-	14,385	15,783
179	-	-	-	-	-	15,970	17,331
-	-	-	-	-	-	18,352	18,547
-	-	-	-	-	-	1,155	1,418
-	-	-	-	-	-	19,703	19,574
-	-	-	-	-	-	28,967	28,175
-	-	-	-	-	-	18,240	20,329
-	-	423	1,158	4	-	1,585	567
-	-	41	-	26,785	-	27,090	51,210
-	-	3,124	293	-	-	12,853	17,000
-	-	-	-	-	19,351	19,351	8,533
-	-	-	-	-	27,661	27,661	32,530
230	-	-	-	-	-	2,494	6,016
411	-	3,592	1,451	26,789	47,012	306,726	340,382
(8)	-	(88)		(215)	-	(452)	(125)
403	-	3,504	1,451	26,574	47,012	306,274	340,257
-	-	-	-	-	-	89,057	79,184
-	-	-	-	-	-	13,714	18,890
-	-	(3,246)	2,259	7,005	-	2,646	(2,116)
(5)	-	220	338	(334)	-	255	5,102
(5)	-	(3,026)	2,597	6,671	-	105,672	101,060
-	-	8,362	(315)	-	-	8,047	3,471
-	-	-	-	(1,337)	-	(1,337)	(5,115)
-	-	86	-	23,199	-	23,285	40,416
(5)	-	5,422	2,282	28,533	-	135,667	139,832
660	118	5,957	1,318	5,317	(8,297)	8,212	7,936
17,156	2,010	70	5,098	9,442	336,844	371,735	365,890
20	2	(1,489)	(1,732)	2,783	-	(291)	(2,091)
17,176	2,012	(1,419)	3,366	12,225	336,844	371,444	363,799
-	-	-	47	(47)	-	-	-
$ 17,836	$ 2,130	$ 4,538	$ 4,731	$ 17,495	$ 328,547	$ 379,656	$ 371,735

STATE OF MONTANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1988

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - For financial reporting purposes, in conformance with the Governmental Accounting Standards Board (GASB) Cod. Sec. 2100, the State of Montana includes all fund types and account groups of the various agencies, boards and commissions that are controlled by or dependent on the State's legislative, executive or judicial branches. Control by or dependence on the State was determined on the basis of the following criteria, as defined in GASB Cod. Sec. 2100: selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and scope of public service. The following organizations meet this criteria and are included in the accompanying financial statements:

Higher Education Units	Financing Authorities *
State-owned Universities/Colleges/ Vocational-Technical Centers	Montana Board of Housing Montana Health Facility Authority Montana Agricultural Loan Authority

* The Montana Economic Development Board (MEDB) was combined with the Board of Investments during the 1987 Legislative Session and thus, has been excluded from the list of financing authorities.

The following organizations have been determined not to be part of Montana's reporting entity after applying the above criteria and are excluded from the accompanying financial statements because the State does not control the assets, operations or management of the respective entities: (1) community colleges; (2) the Montana Higher Education Student Assistance Corporation; and (3) private foundations supporting public education.

Basis of Presentation - Montana reports its financial activity in accordance with generally accepted accounting principles (GAAP) as prescribed in pronouncements of the GASB. The financial statements of the higher education funds have been prepared in conformity with GAAP for colleges and universities (except for General Fund appropriations, which are reported as "Transfers from State General Fund"), as prescribed by the GASB, National Association of College and University Business Officers (NACUBO) and the American Institute of Certified Public Accountants (AICPA).

Significant intrafund transactions and balances have been eliminated.

The "Totals - Memorandum Only" columns represent a summation of the combined financial statements but do not represent the total resources available or total revenues and expenditures/expenses of the State.

Fund Structure - Montana's various funds are grouped in the financial statements in this report as follows:

GOVERNMENTAL FUNDS

General Fund - To account for all governmental financial resources except those required to be accounted for in another fund.

Special Revenue Funds - To account for the proceeds of specific revenue sources restricted to expenditure for specified purposes (other than expendable trusts or major capital projects).

Debt Service Funds - To account for resources accumulated for payment of principal and interest on long-term general obligation debt.

Capital Projects Funds - To account for resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary or trust funds).

PROPRIETARY FUNDS

Enterprise Funds - To account for operations (1) financed and operated similar to private business enterprises, where the intent of the Legislature is that costs are to be financed or recovered primarily through user charges; or (2) where the Legislature has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate.

Internal Service Funds - To account for the financing of goods and services provided by one department or agency to other departments, agencies or other governmental entities on a cost-reimbursement basis.

FIDUCIARY FUNDS

Trust and Agency Funds - To account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. These include: (1) Expendable Trust Funds; (2) Nonexpendable Trust Funds; (3) Pension Trust Funds; and (4) Agency Funds.

ACCOUNT GROUPS

General Fixed Assets Account Group - To account for all fixed assets of the State, except those accounted for in the Proprietary, Nonexpendable Trust, Pension Trust and Plant Funds.

General Long-Term Obligations Account Group - To account for all long-term obligations of the State, except those accounted for in Proprietary, Nonexpendable Trust, Pension Trust and Plant Funds.

HIGHER EDUCATION (UNIVERSITY AND VOCATIONAL-TECHNICAL CENTER) FUNDS

Current Funds

Unrestricted

General Operating - This fund includes the portion of financial resources that can be expended for general operations and is free of externally imposed restrictions, except those imposed by the Legislature.

Designated - This fund includes financial resources associated with general operations but are separately classified in order to accumulate costs that are to be recharged to other funds. It also identifies educational departments' special activities that are fully supported by supplemental assessments and identifies special supply and facility fees that are approved for collections beyond normal course fees and their disposition.

Auxiliary - This fund includes those financial resources devoted to providing essential on-campus services primarily to students, faculty or staff where a fee relating to the service is charged.

Restricted - This fund includes the portion of financial resources that can be expended for general operations but only for purposes imposed by sources external to the Board of Regents and the Legislature.

Fiduciary Funds

Student Loans - Accounts for monies which may be loaned to students, faculty or staff for purposes related to education, organized research or public services by the higher education units.

Endowments - Accounts for monies where the principal is available for investment. Investment earnings are to be transferred to (or recorded directly in) appropriate operating funds pursuant to prevailing administrative requirements.

Agency - Accounts for monies where the State acts in the capacity of a custodian or fiscal agent for individual students, faculty, staff or qualified organizations.

Plant Funds

Unexpended - Accounts for unexpended resources derived from various sources to finance the acquisition/construction of plant assets and the associated liabilities.

Renewal and Replacement - This fund's resources provide for the renewal and replacement of plant fund assets as distinguished from additions and improvements.

Retirement of Indebtedness - This fund accumulates resources for interest and principal payments and other debt service charges, including contributions to reserves, relating to plant fund indebtedness.

Investment in Plant - This fund includes all long-lived assets in the service of the higher education unit as well as all associated liabilities.

Basis of Accounting - The accounting and reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds, Expendable Trust Funds and Agency Funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is followed in the Governmental Funds, Expendable Trust Funds and Agency Funds. Under the modified accrual basis, revenues are susceptible to accrual and recognized when they are measurable and available to pay current period liabilities. Intergovernmental revenues received as reimbursements are recognized based upon the expenditures/encumbrances recorded. Intergovernmental revenues received but not earned are recorded as deferred revenues. Taxes on coal sales, gas and oil production, individual income and other self-assessed taxes are recognized as revenues, if available, when tax returns are filed. Based on historical analysis, a liability has been recognized for collected withholding taxes that will be refunded in fiscal year 1989. Expenditures are recognized when the related liability is incurred, with the following exceptions:

(1) principal and interest on long-term debt is reported when due;
(2) prepayments are accounted for as expenditures in the period of acquisition; and
(3) inventory items are considered expenditures when purchased.

All Proprietary, Pension Trust and Nonexpendable Trust Funds are accounted for on a cost of services or "capital maintenance' measurement focus. This means that all assets and all liabilities associated with this activity are included on their balance sheets. Operating statements for these funds present increases (revenues) and decreases (expenses) in net total assets.

Proprietary, Pension Trust, Nonexpendable Trust and Higher Education Funds are maintained and report on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred, if measurable. In Higher Education Funds, depreciation expense related to plant fund assets is not recorded; also, student tuition and fees are fully recognized in the fiscal year in which the related courses or activities are principally conducted. Proprietary and Higher Education Funds' unbilled receivables are recognized as revenue.

Receivables - This classification, net of estimated uncollectibles, consists primarily of receivables for goods sold and services provided; short-term loans and notes; interest and dividends; and income, withholding and inheritance taxes that are past due. An allowance for uncollectible taxes is provided based upon historical analysis. The allowance for uncollectible taxes at June 30, 1988 was $3 million.

Inventories - Inventories of materials and supplies are stated at lower of cost or market. The State allows agencies to use any generally accepted inventory pricing method, but specifies that the first-in, first-out method should be appropriate for most agencies.

Governmental and Expendable Trust Funds use the "purchase method", meaning inventory purchases are recorded as expenditures. At fiscal year-end significant amounts of inventory are shown as a reserve of fund balance, indicating they do not constitute "available spendable resources".

Proprietary, Pension Trust, Nonexpendable Trust and Higher Education Funds report using the "consumption method", meaning inventories are expensed as used.

Deferred (Gains) Losses - This classification is used in the Pension Trust Funds to reflect use of the deferral and amortization method of accounting for gains and losses on the exchange of securities.

Deferred Charges - Unamortized bond issuance costs are reported in this category.

Deferred Revenue - Deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Property Taxes - Real property taxes are levied in October and are payable in two installments on November 30 and May 31. These taxes attach as an enforceable lien immediately upon becoming delinquent. The State recognizes property tax revenues as available if they are collected within 60 days after fiscal year-end.

Personal property tax levies are set each August and notices are normally mailed the following March or April. Half of mobile home taxes are due in 30 days and the remaining half on September 30. Taxes on all other types of personal property are to be paid in full 30 days after receipt of the notice. Personal property taxes attach as an enforceable lien immediately upon becoming delinquent.

Property taxes are collected by each of Montana's 56 counties. The counties then submit the State's portion to the State Treasury. The majority of these taxes help fund the public school systems and higher education.

Fund Balance/Retained Earnings Reserves - Portions of fund equity are reported as "reserved" to indicate (1) amounts not available for expenditure, such as equity represented by inventories; and (2) amounts legally segregated for a specific future use, such as those pledged for debt service and retirement or legally-binding contractual agreements.

Compensated Absences - State employees earn vacation leave ranging from 15-24 days per year depending on the individual's years of service. Vacation leave may be accumulated to a total not to exceed two times the maximum number of days earned annually. Sick leave is earned at the rate of 12 days per year with no limit on accumulation. Each contribution year, an employee may contribute a maximum of 40 hours of sick leave to a nonrefundable sick leave pool. As of June 30, 1988, 5,028 hours were contributed to the sick leave pool; 184 hours were withdrawn leaving a balance of 4,844 hours in the pool. No liability is reported in the accompanying financial statements because these hours are nonrefundable to participants except by grants approved through an application process. Upon retirement or termination, an employee is paid for 100% of unused vacation leave and 25% of unused sick leave. As of June 30, 1988, the State's liability for unused vacation and sick leave for Higher Education Funds was $13.1 million. The remaining agencies' leave liabilities at June 30, 1988 were $28.4 million, an increase of $.5 million over the June 30, 1987 leave liability of $27.9 million; this increase resulted from the following (in millions):

	Balance July 1, 1987	Leave Earned	Leave Used	Balance June 30, 1988
Governmental Fund Types and Similar Trust Funds	$ 25.8	$ 12.4	$ 12.1	$ 26.1
Proprietary Fund Types and Similar Trust Funds	2.1	1.4	1.2	2.3
Total Non-Higher Education Funds	$ 27.9	$ 13.8	$ 13.3	$ 28.4

2. RESTATEMENTS/RECLASSIFICATIONS

The State changed its accounting and reporting practices to enhance conformance with GAAP. Some of these changes are reported in the accompanying financial statements by restating fiscal year 1987 balances. The following summary itemizes major restatements:

Combined Balance Sheet - All Fund Types and Account Groups

1. Unamortized bond issuance costs are reported as Deferred Charges, instead of reporting as an offset to bonds payable.

Prior Period Adjustments - For the fiscal year ended June 30, 1988, the following corrections of errors have resulted in beginning fund equity restatements (in thousands):

	Increase (Decrease)		
Fund Type	A	B	Totals
General	$ 140	$ -	$ 140
Special Revenue	695	-	695
Debt Service	775	-	775
Enterprise	17	-	17
Internal Service	148	-	148
Expendable Trusts	(149,220)	(1,062)	(150,282)
Nonexpendable Trusts	(2,762)	998	(1,764)
Pension Trusts	(5)	64	59
Higher Education:			
General Operating	(20)	-	(20)
Designated	144	-	144
Auxiliary	1	-	1
Student loans	20	-	20
Endowments	2	-	2
Unexpended Plant	(1,489)	-	(1,489)
Renewal & Replacement	(1,732)	-	(1,732)
Retirement of Indebtedness	2,783	-	2,783
Totals	$(150,503)	$ -	$(150,503)

A. Restatements for corrections of errors.

B. Restatements for changes in financial reporting.

3. BUDGETARY REPORTING

State Budget Process - Montana is a biennial budget state. The constitution requires that Legislative appropriations not exceed available revenues. Revenues are administratively budgeted, but not legally adopted. Expenditures may not legally exceed budgeted appropriations at the program level. In addition, the State Constitution prohibits borrowing to cover deficits incurred because appropriations exceeded anticipated revenues. Budgets are required by State law for the General, Special Revenue, Capital Projects, Enterprise and Internal Service Funds. Budgets may be established in other funds for administrative purposes.

Agency budget requests are submitted to the Governor and the legislative fiscal analyst. The Governor and budget director establish priorities and balance the budget. The Governor's budget is submitted to the legislative fiscal analyst who then prepares recommendations. A comparison of those recommendations with the Governor's budget is submitted to the Legislature. Joint appropriations subcommittee hearings are held and an omnibus appropriation bill is reported to the House and subsequently to the Senate. The Legislature generally enacts one bill making all appropriations for the next two fiscal years. Other appropriations are enacted by the Legislature, but only within the revenue available. Agencies must prepare and submit to the budget director operational plans showing the allocation of operating budgets by line item (i.e., personal services, contractual services, equipment, etc.). The budget director may authorize transfers of funds between line items unless limited by the appropriation act.

Appropriations may not be increased by amendment in the General Fund. However, a department, institution or agency of the executive branch desiring authorization to make expenditures from the General Fund during the first fiscal year of the biennium from appropriations for the second fiscal year of the biennium may apply for authorization from the Governor through the budget director. Additionally, the Governor may approve budget amendments for non-General Fund monies not available for consideration by the Legislature and for emergencies. In the accompanying financial statements, reported budget amounts are as amended, if applicable. There were no recorded expenditures in excess of total authorized appropriations in the State's budgeted funds for the fiscal year.

Appropriations may be continued into the next fiscal year when authorized by the Legislature or the Governor's Office. Appropriations that are not continued are reverted after fiscal year-end. The reverted appropriations remain available for one fiscal year for expenditures that exceed the amount accrued/encumbered. Fund balances/retained earnings are not reserved for reverted appropriations. Reverted appropriations for fiscal year 1988 were $163 million for all funds.

Because Capital Projects Funds' appropriations are not made on an annual basis, Capital Projects Funds' activities are not presented in the Combined Statement of Revenues, Expenditures, Other Financing Sources (Uses) and Reconciliation of Budget and Actual (Budgetary Basis) to GAAP Basis.

Encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded as expenditures and liabilities in order to reserve that portion of the applicable appropriation, is employed for budget control purposes. Encumbrances outstanding at fiscal year-end are reported as reservations of fund balances for subsequent year expenditures.

Budget Basis - The Legislature's legal authorization ("appropriations") to incur obligations is enacted on a basis inconsistent with GAAP. The budget basis differs from GAAP for encumbrances outstanding at fiscal year-end; compensated absences, fixed assets and inventories purchased in Proprietary Funds; compensated absences and inventories purchased in Higher Education Funds; certain loans from Governmental Funds; deferred gains (losses) on bond swaps; and, other miscellaneous nonbudgeted activity (e.g., bad-debt write-offs, etc.). The General and Special Revenue Fund Type budgetary statement includes a reconciliation between "Excess of revenues/other sources over (under) expenditures/other uses" on the budgetary basis and the GAAP basis.

4. DEPOSITS AND INVESTMENTS

This footnote details the following balance sheet classifications (in thousands):

Cash/Cash Equivalents	$ 386,575
Cash with Fiscal Agent	$ 3,677
Equity in Pooled Cash/Investments	$ 717,163
Investments	$ 1,929,058

Carrying amounts and market values (bank balance for cash deposits) are presented in Table 1 (Cash Deposits); Table 2 (Short-Term Investments); Table 4 (Equity in Pooled Cash/Investments); and, Table 5 (Investments).

The State's investments are categorized in Table 3 (Short-Term Investments), Table 4 (Equity in Pooled Cash/Investments) and Table 6 (Investments) to disclose the level of risk assumed by the State at fiscal year-end. Category 1 includes investments that are insured, registered or uninsured, unregistered securities held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the State's name.

Cash/Cash Equivalents - Consists of cash deposits and short-term investments. Short-term investments may be under the control of the Board of Investments (the Board) or other agencies as allowed by law. The Board must employ the "Prudent Expert Rule" in managing the State's investment portfolio. Common stock purchases are restricted to pension trust and higher education funds and are subject to statutory restrictions for quality and size of holding. The Board made its first investments in leveraged buy-outs and venture capital during fiscal year 1988. The Board allocated $10,000,000 of assets from Teachers' Retirement and Public Employees' Retirement Systems to venture capital for the purpose of portfolio diversification. At June 30, 1988, the invested balance was $537,500. To participate in the rapidly growing and highly rewarding leveraged buy-out activity, the Board committed $25,300,000 of pension fund assets to investments in the Kohlberg, Kravis, Roberts and Companies. At June 30, 1988, $8,467,000 of this commitment was funded. The Board administers approximately 17% of short-term investments.

TABLE 1 - CASH DEPOSITS

Risk Category	Carrying Amount	Bank Balance	Fund
Insured (FDIC)	$ 3,021	$ 3,021	Various
Uninsured:			
(1) Collateral held by State/State's agent	214,373	7,150	Various
(2) Collateral held by pledging institution	15,175	3,734	Various
(3) Held by federal government	49,401	49,401	Unemployment Insurance Expendable Trust
(4) Uncollateralized*	12,752	12,752	Various
	294,722	$ 76,058	
Outstanding warrants	(29,419)		
Short-term investments (Tables 2 & 3)	121,272		
TOTAL CASH/CASH EQUIVALENTS	$386,575		

* The State's main depository bank balance fluctuates daily. The State requires collateralization based on an average daily bank balance. For other depository banks, State statutes require collateralization at 50% of the bank balance.

TABLE 2 - SHORT-TERM INVESTMENTS (CARRYING AMOUNT/MARKET VALUE)

Fund Type	Carrying Amount	Market Value	Gov. Secur.	Repurch. Agree	Com. Paper	Corp. Stock	Lev. Buy-Outs	Venture Capital	Money Market
Enterprise									
Carrying Amount	$90,551		$61,757	$27,509	$ -	$ -	$ -	$ -	$1,285
Market Value		$90,420	61,626	27,509	-	-	-	-	1,285
Internal Service									
Carrying Amount	334		-	151	183	-	-	-	-
Market Value		334	-	151	183	-	-	-	-
Nonexpendable Trust									
Carrying Amount	11,400		-	11,400	-	-	-	-	-
Market Value		11,400	-	11,400	-	-	-	-	-
Pension Trust									
Carrying Amount	9,461		106	-	-	350	8,467	538	-
Market Value		8,962	106	-	-	226	8,092	538	-
Higher Education									
Carrying Amount	9,526		6,420	-	-	141	-	-	2,965
Market Value		9,596	6,481	-	-	152	-	-	2,963
Totals:									
Carrying Amount	$121,272		$68,283	$39,060	$ 183	$ 491	$8,467	$ 538	$4,250
Market Value		$120,712	$68,213	$39,060	$ 183	$ 378	$8,092	$ 538	$4,248

TABLE 3 - SHORT-TERM INVESTMENTS (RISK CATEGORIES)

Security Type	Categories 1	Categories 2	Categories 3	Carrying Amount	Market Value
Government Securities	$ 8,378	$59,905	$ -	$ 68,303	$ 68,213
Repurchase Agreements	38,909	-	151	39,060	39,060
Commercial Paper	-	-	183	183	183
Corporate Stocks	491	-	-	491	378
Leverage Buy-Outs	-	8,467	-	8,467	8,092
Venture Capital	-	538	-	538	538
Money Markets	3,155	1,095	-	4,250	4,248
Totals	$50,933	$70,005	$ 334	$121,272	$120,712

Cash with Fiscal Agent - Cash deposited with fiscal agents is summarized below:

	Carrying Amount	Fund Type
(1) Department of Highways condemnation deposits with local clerks of court	$ 624	Special Revenue
(2) Higher Education collateralized deposits with bond fiscal agents	2,967	Higher Education
(3) Miscellaneous deposits with fiscal agents	86	Various
TOTAL CASH WITH FISCAL AGENT	$ 3,677	

Equity in Pooled Cash/Investments - Consists of all cash in the State Treasury not invested by individual funds in identifiable securities. Cash is pooled and invested in either short-term instruments known as STIP (Short-Term Investment Pool) or in common stock of publicly held companies known as MONTCOMP (Montana Common Stock Pool). Each investing fund purchases units in either STIP or MONTCOMP. Local governments outside this reporting entity are also allowed to invest in STIP.

TABLE 4 - EQUITY IN POOLED CASH/INVESTMENTS

	Categories 1	Categories 2	Categories 3	Carrying Amount	Market Value	Fund
STIP						
Commercial Paper	$103,425	$ -	$ -	$103,425	$104,176	Various
Bankers' Acceptances	239,331	-	-	239,331	241,150	Various
Government Securities	60,209	80,758	-	140,967	141,921	Various
Repurchase Agreements	50,533	-	-	50,533	50,533	Various
Montana Certificates of Deposit	6,109	-	-	6,109	6,109	Various
Corporate Bonds	69,953	-	-	69,953	69,746	Various
STIP Total	$529,560	$80,758*	$ -	610,318**	613,635	
MONTCOMP						
Corporate Stocks	$100,057	$ 6,788*	$ -	106,845	192,791	Various
TOTAL EQUITY IN POOLED CASH/INVESTMENTS				$717,163	$806,426	

* At June 30, 1988, these securities (STIP Market Value $81,410; MONTCOMP Market Value $7,763) were loaned under a security lending agreement with the State's agent. The security lending agreement required that the loaned securities be collateralized with government obligations at 102% of their face value. Under the agreement, all of the State's investments may be loaned. Other types of investment activity during fiscal year 1988 were insignificant.

** As of June 30, 1988 securities (Carrying Amount at Cost $72,761; Market Value $72,761) were owned by local governments.

Investments - Consists of investments primarily administered by three State agencies. Article 8 of Montana's Constitution, with supporting statutes, provides the Board of Investments with the authority behind the State's uniform investment program. Legal provisions determine which agencies may hold investments outside the administration of the Board. The Board, as the State's primary administrator of long-term investments, actively manages 92% of those investments; the Board of Housing, 4%; the Department of Administration's Personnel Division administers about 2% for the State's Deferred Compensation Plan; and the remaining 2% are administered by various other agencies. Most funds carry equity securities at cost and debt securities at amortized cost except the deferred compensation funds which are carried at market.

TABLE 5 - INVESTMENTS (CARRYING AMOUNT/MARKET VALUE)

Fund Type	Carrying Amount	Market Value	Corporate Bonds	Government Securities	Mortgages	Other
Special Revenue						
Carrying Amount	$ 48,208		$ 293	$ 47,915	$ -	$ -
Market Value		$ 47,848	291	47,557	-	-
Debt Service						
Carrying Amount	5,259		-	5,259	-	-
Market Value		5,236	-	5,236	-	-
Enterprise						
Carrying Amount	97,322		1,082	96,240	-	-
Market Value		103,392	1,083	102,309	-	-
Internal Service						
Carrying Amount	3,682		194	3,488	-	-
Market Value		3,705	193	3,512	-	-
Expendable Trusts						
Carrying Amount	26,353		22,218	3,981	154	-
Market Value		27,377	22,749	4,474	154	-
Nonexpendable Trusts						
Carrying Amount	567,205		454,661	111,905	639	-
Market Value		583,959	462,845	120,475	639	-
Pension Trusts						
Carrying Amount	1,122,111		870,181	132,485	118,353	1,092
Market Value		1,125,019	863,513	141,819	118,353	1,334
Higher Education						
Carrying Amount	11,139		-	11,116	-	23
Market Value		12,133	-	12,110	-	23
Totals:						
Carrying Amount	$1,881,279		$1,348,629	$412,389	$119,146	$1,115
Market Value		$1,908,669	$1,350,674	$437,492	$119,146	$1,357
Deferred Compensation*	47,779					
TOTAL INVESTMENTS	$1,929,058					

* These funds are deferred compensation moneys recorded at market and invested by the State as an agent for employees of the State.

TABLE 6 - INVESTMENTS (RISK CATEGORIES)

Security Type	Categories 1	2	3	Carrying Amount	Market Value
Corporate Bonds	$1,325,620	$ 22,320	$ 689	$1,348,629	$1,350,674
Government Securities	297,243	115,146	-	412,389	437,492
Mortgages	119,146	-	-	119,146	119,146
Other	1,115	-	-	1,115	1,357
Totals	$1,743,124	$137,466**	$ 689	$1,881,279	$1,908,669

** At June 30, 1988, securities (Carrying Amount at Cost $63,699; Market Value $68,159) were loaned under a security lending agreement with the State's agent. The security lending agreement required that the loaned securities be collateralized with government obligations at 102% of their face value. Under the agreement, all of the State's investments may be loaned. Other types of investment activity during fiscal year 1988 were insignificant.

5. INTERFUND TRANSACTIONS

During the course of normal operations, the State has numerous transactions between funds to finance operations, provide services, construct assets, service debt, etc. Montana statutes include a provision for interfund loans when the expenditure of an appropriation is necessary and the cash balance in the account from which the appropriation was made is insufficient to pay the expenditure. To the extent that certain transactions between funds have not been paid or received as of June 30, 1988, interfund receivables/payables (Due From/To Other Funds) have been recorded. The schedule below presents all interfund balances outstanding at June 30, 1988 (in thousands):

	Interfund Loans		Due From Other Funds	Due To Other Funds	Operating Transfers		Residual Equity Transfers	
Funds	Receivable	Payable			In	Out	In	Out
General	$14,119	$20,000	$ 53,587	$ 11,819	$87,005	$100,583	$ 279	$ -
Special Revenue								
State	42,253	3,572	31,597	47,795	52,182	30,681	2,789	-
Federal	-	29,958	1,321	4,680	807	2,858	-	-
GSL Program	-	167	-	10	-	-	-	-
Revolving	-	1,912	370	361	891	10	549	-
Assessments	-	-	-	211	-	-	298	-
Private Donations	-	-	2	37	-	-	-	-
Interest & Income	-	-	93	119	417	-	-	-
Debt Service								
Coal Tax Bonds	-	-	-	575	3,683	37,219	1,368	-
Long-Range Bldg.	-	-	35	359	14,156	38,344	-	-
Water Development	-	-	17	-	71	44	5,105	-
Hwys Revenue Bonds	-	-	-	-	10,041	-	-	27
Hwys Bldg. Complex	-	-	-	-	596	-	-	-
Airport Bonds	-	-	-	-	-	63	-	-
Renewable Resource	-	-	-	-	-	247	-	-
Water Conservation Bonds	-	-	-	-	28	-	-	-
Capital Projects								
Long-Range Bldg.	400	-	7	84	5	838	-	-
Federal/Private Construction Grant	-	400	-	8	-	-	-	-
Capital Land Grant	-	-	135	-	968	1,308	-	-
Enterprise								
Housing Authority	-	-	1	21	-	-	-	-
Economic Dev. Bd.	-	-	-	9	-	-	-	-
Employees' Grp. Ben.	-	-	4	10	-	-	-	-
Liquor Stores	-	-	692	2,128	-	12,337	-	-
State Lottery	-	-	-	1,321	-	8,376	-	-
MUS Group Insurance	-	-	2	3	-	-	-	-
FWP Snowgroomer Rental	-	-	50	-	-	-	33*	-
Historical Soc. Publications	-	-	1	20	41	-	-	-
W. Yellowstone Airport	-	-	-	3	4	-	-	-
Health Facilities Authority	-	-	-	4	-	-	-	-
Technology Investment	-	73	2	3	-	-	-	-
Internal Service								
Highway Equipment	-	-	1,893	376	1,922	-	-	-
Communications	-	185	1,404	528	91	-	-	-
Admin. Insurance	-	-	82	108	-	-	-	-
Central Data Processing	185	-	709	263	-	-	-	-
Prison Ranch	25	-	47	24	-	-	-	-
FWP Equipment	-	-	112	3	118	-	-	-
Motor Pool	-	-	121	14	-	-	-	-
Admin. Prop. & Supply	-	-	120	17	-	-	-	-
Publications & Graphics	-	60	381	23	-	-	-	-
Hwys Photo & Data Proc.	-	600	372	85	-	-	-	-
Buildings & Grounds	-	-	10	177	58	-	-	-
Prison Industries	-	25	36	4	-	-	-	-
Local Govt. Audits	-	30	18	52	130	-	-	-
Commerce Central Svcs.	-	-	112	52	-	-	-	-
FWP Warehouse Inventory	-	-	60	4	-	-	-	-
Mail & Messenger	-	-	92	8	-	-	-	-
Investment Division	-	-	-	65	-	-	-	-
Aircraft Operations	-	-	36	1	-	-	-	-
Justice Legal	-	-	37	14	-	-	-	-

(Continued on next page.)

Funds	Interfund Loans		Due From Other Funds	Due To Other Funds	Operating Transfers		Residual Equity Transfers	
	Receivable	Payable			In	Out	In	Out
FWP Office Supply	-	-	5	4	-	-	-	-
Personnel Training	-	-	20	7	35	-	-	-
Admin. Legal	-	-	1	2	-	-	-	-
Labor Central Services	-	-	-	67	-	-	-	-
Expendable Trusts								
State Comp. Insurance	-	-	4,022	458	10,952	7,573	-	-
Unemployment Insurance	-	-	-	-	-	-	-	-
Hail Insurance	-	-	-	7	-	-	-	-
BN Geraldine Settlement	-	-	1	-	41	-	-	-
Rural Development	-	-	-	2	-	-	-	-
Resource Indemnity	-	-	-	-	-	331	-	-
Fullam Estate	-	-	-	-	-	-	-	-
Nonexpendable Trusts								
Permanent Coal Tax	-	-	700	11,598	35,730	35,038	-	-
Land Grants	-	-	332	23,888	-	37,567	-	-
Resource Indemnity	-	-	-	2,151	-	6,150	-	-
Education	-	-	738	2,083	27	4,191	-	10,397
Parks, Cultural, Aesthetic Projects	-	-	-	506	-	1,746	-	-
BN Geraldine Settlement	-	-	-	1	-	41	-	-
Real Property	-	-	11	128	-	126	-	-
Pension Trusts								
PERS	-	-	1,107	27	-	-	-	-
Teachers	-	-	515	24	-	-	-	-
Municipal Police	-	-	2,578	14	-	-	-	-
Unified Firefighters	-	-	3,109	14	-	-	-	-
Sheriffs	-	-	-	10	-	-	-	-
Highway Patrol	-	-	47	6	-	-	-	-
Judges	-	-	10	1	-	-	-	-
Game Wardens	-	-	36	2	-	-	-	-
Volunteer Firefighters	-	-	532	7	-	-	-	-
Agency								
Investment Pool	-	-	-	-	-	-	-	-
Employees Defer. Comp.	-	-	286	-	-	-	-	-
Land Grant Interest	-	-	-	6	-	-	-	-
Perform. Deposits	-	-	-	23	-	-	-	-
Central Payroll	-	-	9,860	2,667	-	-	-	-
Custodial Accounts	-	-	50	368	-	-	-	-
Child Support Collections	-	-	5	732	-	-	-	-
Unclaimed Property	-	-	-	4	-	-	-	-
Intergovernmental	-	-	144	103	-	-	-	-
A & E Advances	-	-	147	6	-	-	3*	-
Uncleared Collections	-	-	-	804	-	-	-	-
Bad Debts	-	-	-	16	-	-	-	-
Higher Education								
Current Funds								
Unrestricted								
General Operating	3,974	-	3,511	6,417	104,001	-	-	-
Designated	-	1,494	3,555	2,124	-	294	43	-
Auxiliary	525	756	564	597	-	4,328	-	-
Restricted	170	3,807	1,167	1,273	56	-	-	43
Fiduciary								
Student Loans	60	24	4	14	-	5	-	-
Endowments	-	-	22	14	-	-	-	-
Agency	42	176	1,794	657	-	-	-	-
Plant								
Unexpended	421	504	1,366	443	-	3,026	-	-
Renewal & Replacement	1,863	91	322	1,870	2,597	-	47	-
Retirement of Indebtedness	297	500	1,616	692	6,671	-	-	47
Totals	$64,334	$64,334	$131,735	$131,735	$333,324	$333,324	$10,514	$10,514

* These residual equity transfers are reflected in contributed capital (Enterprise Fund) and Property Held in Trust (Agency Fund) on the balance sheet.

6. STATE DEBT

General Information - The State has no constitutional limit on its power to issue obligations or incur debt other than a proviso that no debt may be created to cover deficits incurred because appropriations exceeded anticipated revenues. The Board of Examiners (consisting of the Governor, Secretary of State and Attorney General) is authorized, pursuant to various enabling acts, to issue bonds and notes of the State.

Short-Term Debt - The Board of Examiners, upon recommendation of the Department of Administration, may issue notes in anticipation of the receipt of taxes and revenues. No notes may be issued to refund outstanding notes. The notes must be redeemed at the end of the fiscal year in which issued. The State issued $42 million of these notes on June 17, 1987 and $14 million on October 8, 1987; they were redeemed in June, 1988.

Long-Term Debt - The full faith, credit and taxing powers of the State are pledged for the payment of all general obligation debt. Revenue bonds and mortgage bonds are secured by a pledge of resources from the facilities to which they relate and by certain other revenues, fees and assets of the State and the various colleges and universities. Long-term debt (excluding bonds/notes of Enterprise Funds discussed elsewhere in this footnote; Leases - Note 7; and Compensated Absences - Note 1) of the State at June 30, 1988, is as follows (in thousands):

				Principal Payments		
General Obligation Debt	Series	Amount Issued	Interest Range (%)	FY 1989	Year of Maturity	Balance June 30, 1988
Highway Bldg Complex	1976	$ 7,400	4.1-6.1	$ 405	$ 600 (1996)	$ 3,965
GO Refunding	1983A	58,160	8.875-9.5	700	590 (2010)	55,335
Long-Range Bldg Program	1983B	39,330	6.0-8.2	5,735	195 (1995)	20,440
SRS Building (1)	-	1,640	9.0	87	2 (1997)	1,042
Water Development Program	1983C	1,300	6.0-8.2	200	225 (1991)	635
Water Development Program	1984A	900	8.4-9.2	50	150 (1996)	900
Long-Range Bldg Program	1985A	8,550	5.75-8.0	1,300	150 (2001)	6,475
Water Dev. Program (2)	1985B	1,000	5.75-7.7	50	175 (1996)	900
Renewable Resource Development (2)	1985C	1,100	5.75-7.7	50	200 (1996)	1,000
Water Development Program	1985D	1,000	5.5-6.875	75	125 (1996)	850
Total General Obligation Debt		$120,380		$8,652		$ 91,542
Special Revenue Bonds						
Department of Highways (3)	1987	$150,000	5.5-7.2	$ -	$16,600 (2006)	$150,000
Water Dev. Program (4)	1985A	16,865	5.75-9.625	410	1,720 (2006)	16,105
Water Dev. Program (4)(5)	1985B	11,500	6	200	1,200 (2007)	11,300
Water Conservation (6)		535	3.463-5.0	13	3 (2016)	396
Broadwater Power Project (4)(7)	1987A	22,200	12	-	2,400 (2017)	22,200
Water Dev. Program (4)	1987C	1,215	6.0-8.7	25	120 (2007)	1,215
Total Special Revenue Bonds		$202,315		$ 648		$201,216
TOTAL GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP (8)						$292,758

(1) Chapter 242, 1974 Laws of Montana authorized a lease-purchase contract commencing November 1, 1976.

(2) Series 1985 B and 1985 C are additionally secured by a pledge of and payable from certain coal severance taxes. Series 1985 B is also secured by a pledge of loan repayments from loans made from the proceeds thereof.

(3) First payment of $7,820,000 is due in 1994.

(4) Issued by the Department of Natural Resources and Conservation (DNRC) and backed by a pledge of coal severance taxes.

(5) Adjustable convertible extendable securities - debt service assumed at 9%. An irrevocable direct-pay Letter of Credit was provided by the Los Angeles Agency of the Long Term Credit Bank of Japan, Limited.

(6) Bonds were sold to Farmers Home Administration.

(7) First payment of $700,000 is due in 2002.

(8) (a) The State of Montana was relieved of any future obligation on $1.246 million of DNRC Federal loans as a result of a loan prepayment program with the U.S. Department of the Interior/Bureau of Reclamation. This liability was previously reported as nonbonded debt in the General Long-Term Obligations Account Group.
(b) The State did not advance refund any General Obligation Debt that resulted in defeasance of outstanding General Obligation Debt during fiscal year 1988.

Board of Regents Issues Higher Education Units	Series	Amount Issued	Interest Range (%)	Principal Payments		Balance June 30, 1988
				FY 1989	Year of Maturity	
Pooled Equip. Financing (U of M & EMC)	1985/1988A	$ 13,200	5.50-8.0	$ 509	$1,398 (1992)	$ 5,724
University of Montana (U of M)	1987A-B/1985A-B	21,784	4.8-9.75	800	3,340 (2006)	17,485
Montana State University (MSU)	1985B/1986A/A1987	43,690	4.5-7.625	600	7,345 (2010)	42,715
Montana College of Mineral Science & Technology (TECH)	1986A	6,745	4.5-7.625	120	1,070 (2010)	6,500
Eastern Montana College (EMC)	1985B/1988A	11,440	5.25-8.375	295	1,160 (2004)	10,905
Northern Montana College (NMC)	1986C/1987A	1,670	5.75-7.75	70	151 (2008)	1,614
Western Montana College (WMC)	1966B-D/1967A-B/1985B	2,412	2.75-7.75	74	16 (2008)	958
Total Higher Education Revenue Bonds		$100,941		$2,468		$ 85,901
Higher Ed Nonbonded Debt						
EMC Mortgage Payable		$ 170	10.5	$ 17	$ 17 (1993)	$ 85
EMC Computer Site Note Payable		100	None	10	10 (1993)	50
U of M Mortgage Payable		103	Varies Yearly	4	4 (2012)	100
Total Higher Education Nonbonded Debt		$ 373		$ 31		$ 235
TOTAL HIGHER EDUCATION FUNDS' BONDS/NOTES PAYABLE						$ 86,136

Debt service requirements (principal and interest) for long-term notes/bonds payable reported in the General Long-Term Obligations Account Group and Higher Education Funds are as follows (in thousands):

Fiscal Year Ending June 30	General Obligation Debt	Special Revenue Bonds	Higher Ed Revenue Bonds	Non-Bonded Debt	Total Requirements
1989	$ 15,950	$ 15,939	$ 8,160	$ 112	$ 40,161
1990	15,951	16,014	8,293	106	40,364
1991	15,912	15,990	9,152	69	41,123
1992	14,487	15,949	9,935	35	40,406
1993	14,061	16,023	9,094	33	39,211
1994+	56,863	341,278	124,240	78	522,459
Totals	$ 133,224	$ 421,193	$ 168,874	$ 433	$ 723,724

A summary of changes in long-term notes/bonds payable reported in the General Long-Term Obligations Account Group and Higher Education Funds for the fiscal year ending June 30, 1988 follows (in thousands):

	Balance July 1, 1987	Issued	Retired	Balance June 30, 1988
General Obligation Debt	$ 99,402	$ -	$ 7,860	$ 91,542
Special Revenue Bonds	178,416	23,415	615	201,216
Higher Ed Revenue Bonds	76,374	27,805	18,278	85,901
Nonbonded Debt	3,130	-	2,895	235
Totals	$ 357,322	$ 51,220	$ 29,648	$ 378,894

Refunded Bonds - The State of Montana and the Board of Regents of Higher Education have issued general obligation and revenue refunding bonds, respectively, to refund obligations with respect to certain bond issues already outstanding. The proceeds of the refunding issues have been placed in escrow accounts and invested in U.S. Treasury Obligations that, together with interest earned thereon, will be sufficient for future payment of principal and interest on the refunded issues. The following schedule lists the principal requirements to maturity on all refunded bond issues (in thousands).

SCHEDULE OF PRINCIPAL REQUIREMENTS TO MATURITY - REFUNDED ISSUES

Fiscal Year Ending June 30	General Oblig. Bonds	Dept. of Hwys	DNRC Revenue	Board of Regents Revenue Bonds				Total Principal
				U of M	MSU	EMC	TECH	
1989	$ 3,545	$ 27,155	$ 235	$ 255	$ 501	$ -	$ 95	$ 31,786
1990	3,655	13,665	255	265	538	-	100	18,478
1991	3,685	14,755	275	295	581	-	110	19,701
1992	3,590	-	300	325	628	-	120	4,963
1993	3,740	-	325	360	1,352	-	130	5,907
1994+	25,720	-	8,480	9,363	29,111	7,125	6,350	86,149
Totals	$ 43,935	$ 55,575	$ 9,870	$10,863	$32,711	$ 7,125	$ 6,905	$ 166,984

1988 Refundings - Higher Education Funds

Principal requirements to maturity are reflected in the table above for the refunding issues described below:

EMC - In February, 1988, the Board of Regents of Higher Education issued $7,615,000 in Facilities Refunding Revenue Bonds, Series A 1988 with an average interest rate of 7.147%. The purpose of this issue was to advance refund $7,125,000 of outstanding Facilities Refunding Revenue Series A 1985 Bonds with an average interest rate of 9.465%. The net proceeds of $7,329,610 (after payment of $285,390 in underwriting fees, insurance and other issuance costs) plus an additional $672,215 of 1985 Series B Escrow moneys and a contribution from the construction fund of $1,499,677 were used to purchase State and Local Government Securities and U.S. Treasury Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 1985 A Bonds.

As a result, the 1985 Series A Bonds are considered to be defeased and the liability for those bonds is not included in the accompanying financial statements. Although the advance refunding resulted in the recognition of an accounting loss of $921,676 for the year ended June 30, 1988, in effect, EMC reduced its aggregate debt service payments by $623,700 over the next eleven years and obtained an economic gain (difference between the present values of the old and new debt service payments) of $234,300.

U of M - In July, 1987, the Board of Regents of Higher Education authorized the issuance of the Facilities Improvement and Refunding Revenue Bonds Series A 1987 in the amount of $10,560,000, Stadium Improvement Revenue Bonds Series B 1987 in the amount of $130,000 and Special Purpose Facilities Refunding Revenue Bonds Series C 1987 (a taxable issue) in the amount of $3,945,000.

Existing debt service reserves on the 1985 A Series, along with proceeds from the Series A and C 1987 issues, provided the funds necessary to refund some of the Series 1985 A Special Purpose Revenue Bond issue, the Series C 1987 entirely and $2,000,000 to renovate existing facilities. The debt service on the refunding portion of the Series A 1987 issue equals the debt service on the Series A 1985 within $525 as a result of favorable interest rates on the Series A and C 1987 issues. Although the refunding resulted in the recognition of an accounting loss of $415,844 for the year ended June 30,1988, the refunding provided cash to U of M in the amount of $249,954 at the time of closing, calculated as the present value of the savings over the life of the issue. The Series B 1987 issue provided additional funds for stadium improvements.

Enterprise Funds

- **Board of Housing (BOH) Revenue Bonds** - The Montana Board of Housing (Housing Authority) is authorized to have an aggregate of $975 million of housing mortgage bonds outstanding. The bonds are payable from mortgage loan repayments and investment earnings. All bonds issued to date are secured by federally insured or guaranteed mortgages. Statutory provisions exist wherein the Governor shall include in the executive budget submitted to the Legislature the sum required to fund possible future deficiencies in required reserves, however, the Legislature is not legally required to appropriate such deficiencies: None of the outstanding bonds were issued under these provisions. Amounts reported in the Enterprise Fund for the Board of Housing were reproduced from their most recent audit report, which received an unqualified opinion dated September 16, 1988. The audit firm of Junkermier, Clark, Campenella, Stevens PC may be contacted at P.O. Box 1164, Helena, MT 59624 or at (406-442-6901) for more information.

BOH Revenue Bonds (net) outstanding at June 30, 1988 were as follows (in thousands):

				Principal Payments		
Program	Series	Amount Issued	Interest Range (%)	FY 1989	Year of Maturity	Balance June 30,1988
Single Family I	1977A	$ 21,470	4.5-8.0	$ 740	$ 1,850 (2008)	$ 14,685
	1977B	35,060	4.15-8.0	1,295	3,160 (2008)	24,445
	1978A	13,600	5.05-8.0	455	1,115 (2009)	9,735
	1987A	20,000	5.3-8.625	290	1,240 (2018)	19,720
	1987B1-B2	20,000	6.25-9.0	170	1,050 (2019)	20,000
	1988A1-A2	19,999	5.4-8.5	-	3,580 (2019)	20,016
Subtotal		$130,129		$ 2,950		$108,601
Single Family II	1979A	$100,000	5.1-6.6	$ 4,395	$ 9,670 (2011)	$ 79,370
	1980A	50,000	7.7-9.0	2,000	5,510 (2012)	39,195
	1982A	55,000	8.5-13.5	-	830 (2007)	10,915
	1983A	30,000	5.25-9.875	500	1,835 (2008)	22,670
	1983B	55,000	8-9.625	-	10 (2009)	45,785
	1983C	114,998	5.75-10.7	3,385	11,540 (2010)	88,949
	1984A	75,002	7.0-10.375	2,410	13,680 (2010)	65,742
	1985A	40,000	5.5-9.75	1,110	5,170 (2016)	37,666
	1985B	74,997	5.79-9.75	1,015	2,740 (2017)	39,751
Subtotal		$594,997		$14,815		$430,043
Multifamily	1978A	$ 4,865	6.125	$ 40	$ 645 (2019)	$ 4,640
	1979A	8,660	5.4-6.875	70	905 (2021)	8,200
	1982A	1,945	12.75	5	220 (2023)	1,935
Subtotal		$ 15,470		$ 115		$ 14,775
TOTAL		$740,596		$17,880		$553,419
Less: Unamortized discounts/premiums (net)						(482)
TOTAL BOH BONDS PAYABLE (net)						$552,937

Scheduled principal requirements for all BOH programs are as follows (in thousands):

1989	1990	1991	1992	1993	1994 +	Total
$17,880	$17,660	$18,705	$18,210	$19,250	$461,714	$553,419

- **Economic Development Bonds (EDB)** - This operation [formerly the Montana Economic Development Board (MEDB)] is directed by the nine-member Board of Investments, administered by the Department of Commerce. This operation assists Montana's small businesses and local governments in obtaining long-term, fixed rate financing through private Montana lending institutions. Outstanding obligations are as follows (in thousands):

Program	Series	Amount Issued	Interest Range (%)	Principal Payments FY 1989	Principal Payments Year of Maturity	Balance June 30,1988
Industrial Development Revenue Bonds (Pooled Loan) (1)	1984A-G	$ 3,650	7.0-10.75	$ 90	$570 (2006)	$ 3,485
Industrial Development Revenue Bonds (Pooled Loan) (1)	1985A-L	4,925	6.75-10.1	125	510 (2007)	3,365
Municipal Finance Consolidation Act Bonds (Cash Anticipation Financing) (2)	1986	27,480	5.0-6.25	27,480	27,480 (1988)	27,480
Municipal Finance Consolidation Act Bonds (Intermediate Term Capital) (2)	1987	6,500	4.125-15	-	6,090 (1995)	6,090
TOTAL EDB BONDS PAYABLE		$42,555		$27,695		$40,420

(1) The bonds, which may not aggregate more than $75 million, are limited obligations of the Board of Investments payable solely from and secured by certain revenues and assets pledged pursuant to an Indenture of Trust. The bonds do not constitute a debt, liability or legal obligation of the State of Montana. However, if the balance in the "Capital Reserve Account A" falls below the indenture requirement, the Governor is required to request the Legislature to appropriate funds to restore the balance. The Legislature may, but is not legally obligated to, appropriate funds to correct any such deficiency. Principal payments (accrued interest to be added) are due each March 15. Series 1985 J ($665,000) and Series 1985 B ($690,000) were recalled on March 15 and December 15, 1987 respectively, without a gain or loss on extinguishment.

(2) These bonds, which may not aggregate more than $50 million, were issued to provide funds to finance the purchase of tax or revenue anticipation notes (TRANS) of participating local government units. The bonds are not a debt or liability of the State of Montana. The bonds are limited obligations of the Board of Investments payable solely from repayments of principal and interest on local government TRANS, proceeds of a loan made by the Board of Investments and investment income.

Scheduled principal requirements for EDB are as follows (in thousands):

1989	1990	1991	1992	1993	1994 +	Totals
$33,725	$170	$190	$210	$230	$5,895	$40,420

Internal Service Fund - Certificates of Participation were issued by the State of Montana to provide the funds to purchase the States' telecommunications system as follows (in thousands):

Description	Series	Amount Issued	Interest Range (%)	Principal Payments FY 1989	Principal Payments Year of Maturity	Balance June 30, 1988
Certificates of Participation	1988	$6,280	4.75-5.90	$345	$625 (1994)	$6,280

- **1988 Refunding** - On April 13, 1988, the State of Montana issued $6.28 million in Certificates of Participation to fund the State's telephone system with an average interest rate of 5.599% to advance refund $6.83 million of outstanding 1983 Certificates of Participation with an average interest rate of 8.29%. The net proceeds of $7,277,630 (after payment of $168,897 in underwriting fees, insurance, and other issuance costs) plus $1,099,833 in funds from the State of Montana were used to purchase the new issue. These moneys were deposited in an account with an with the escrow agent to provide for all future debt service payments on the 1983 Certificates of Participation. As a result, the 1983 Certificates are considered defeased and the liability for those Certificates has been removed from the proprietary fund of the Telecommunications Bureau of the State of Montana. Though the advance refunding resulted in the recognition of an accounting loss of $280,111 for the fiscal year ended June 30, 1988, the transaction in effect reduced the total debt service payments over the next 5 years by $729,214 and obtained an economic gain (difference between the present value of the debt service payments of the old and new debt) of $350,228. Prior to fiscal year 1988, the liability for the outstanding Certificates of Participation was recorded as a lease payable in the internal service fund. Following the advance refunding, the liability for the outstanding Certificates of Participation was reclassified as a bond payable in the Communications Internal Service Fund.

SCHEDULE OF PRINCIPAL REQUIREMENTS TO MATURITY - REFUNDED ISSUE

	1989	1990	1991	1992	1993	1994+	TOTAL
1983 Certificates of Participation	$ -	$1,145	$1,245	$1,355	$1,485	$1,600	$6,830

- **No-Commitment Debt** - Information is presented below for financing authorities participating in debt issues which are not recorded in the accompanying financial statements.

- **Montana Health Facility Authority (MHFA)** - In February 1985, the MHFA issued $18 million of Hospital Facilities Variable Rate Revenue Bonds (Billings Deaconess Hospital Project) - Series 1985. The bonds were issued to (1) reimburse Billings Deaconess for remodeling existing facilities; (2) finance capital equipment purchases; (3) refinance outstanding indebtedness of $752,000; and (4) pay certain bond issuance costs. These bonds are special obligations of the MHFA payable solely out of loan repayments received from Billings Deaconess. The bonds do not constitute a debt, liability or obligation of the State of Montana. Principal payments (accrued interest to be added) are due each January 1. Principal payments range from $100 thousand in 1989 to $2.3 million in 2014. In June 1985, the MHFA issued $440 thousand ($390,843 balance at June 30, 1988) of hospital facility revenue notes (West Mont Home Health Services, Inc.). Variable monthly payments began July 1, 1985, with the final payment due June 1, 2005. The notes do not constitute a debt, liability or obligation of the State of Montana.

The MHFA issued $66.9 million health care revenue bonds (due in total on December 1, 2015; outstanding at June 30, 1988 $65 million) in December, 1985. These bonds were issued for the purpose of enabling the MHFA to make loans to private nonprofit hospitals and other private nonprofit health institutions and public health institutions located in the State of Montana in order to finance, refinance or provide reimbursement to the health institutions for the cost of acquisition or construction of equipment and capital improvements and to pay the cost of refunding a $23.5 million issue (due in total September 1, 1991) of MHFA's Variable Rate Revenue Bonds. The bonds are payable solely from loan repayments to be made by the health institutions pursuant to loan agreements, from the funds created by the indenture and from investment earnings on those funds. The bonds do not constitute a debt, liability or obligation of the State of Montana. On July 1, 1987 the Montana Health Facility Authority issued $16,025,000 in Hospital Facilities Refunding Bonds to Refinance the City of Bozeman 1984 Revenue Bonds which were issued to Bozeman Deaconess Foundation for its 86-bed hospital facility. The bonds do not constitute a debt, liability or obligation of the State of Montana and neither the full faith and credit nor the taxing power of the State or any agency thereof is pledged to the payment of the principal of, premium, if any, or interest on the Series 1987 Bonds. The Authority has no taxing powers. The 1987 Bonds are issued under and secured by the Mortgage and the Indenture and are payable together with any additional bonds issued under the Indenture on a parity therewith, solely from the payments to be made pursuant to the Loan Agreement between the Authority and Bozeman Deaconess Foundation.

- **Montana Agricultural Loan Authority (MALA)** - The MALA is authorized to issue bonds to finance projects for beginning farmers within the State if it appears, after a properly noticed public hearing, that the project is in the public interest of the State. These non-recourse, industrial development revenue bonds do not constitute a debt, liability or obligation of the State of Montana. Outstanding bonds are as follows: (1) Linger Project ($87,677; issued $112,200); and (2) Jorgensen Project ($74,142; issued $81,600).

- **Economic Development Bonds (EDB)** - The Board of Investments issued bonds on behalf of borrowers under the Stand-alone Program during fiscal year 1988. The bonds issued under this program do not constitute a debt or liability to the Board of Investments or the State of Montana. Assets and revenues of the borrowers are pledged to repay the bonds. Accordingly, the Stand-alone bond issues are not recorded in the State's financial statements. The bonds issued were $4.19 million.

7. LEASES/INSTALLMENT PURCHASES

The State has entered into various capital and operating leases for land, buildings and equipment. Lease contracts are required by law to contain a clause indicating continuation of the lease is subject to funding by the Legislature. It is expected that in the normal course of operations most of these leases will be replaced by similar leases. Changes in capitalized leases/installment purchases follow (in thousands):

	Balance July 1, 1987	Additions (Deductions)	Balance June 30, 1988
General Long-Term Obligations	$ 171	$ 218 (1)	$ 389
Proprietary Fund Types			
Enterprise Fund	$ 824	$ (276)	$ 548
Internal Service Fund	9,964	(7,155)	2,809
Total Proprietary	$ 10,788	$ (7,431)	$ 3,357
Higher Education Funds	$ 1,164	$ (86)	$ 1,078
Total Capitalized Leases/ Installment Purchases	$ 12,123	$ (7,299)	$ 4,824

(1) This amount consists of $363,000 of additions as inceptions, $11,000 of additions as adjustments and $158,000 as deductions.

Future minimum lease payments under capital leases/installment purchases are as follows (in thousands):

Fiscal Year Ending June 30	General Long-Term Obligations	Proprietary Fund Types		Higher Education Funds	Totals
		Enterprise	Internal Service		
1989	$ 161	$ 286	$ 629	$ 414	$ 1,490
1990	120	262	609	344	1,335
1991	86	3	562	286	937
1992	62	-	503	185	750
1993	57	-	436	131	624
After 1993	-	-	1,067	87	1,154
Total minimum payments	$ 486	$ 551	$ 3,806	$ 1,447	$ 6,290
Less: Interest	(97)	(3)	(997)	(369)	(1,466)
Present value of minimum payments	$ 389	$ 548	$ 2,809	$ 1,078	$ 4,824

Operating Leases - Future rental payments under operating leases are as follows (in thousands):

Fiscal Year Ending June 30	Amount
1989	$2,382
1990	1,360
1991	842
1992	665
1993	397
After 1993	819
Total future rental payments	$6,465

8. FIXED ASSETS

Fixed asset valuation is based on actual or estimated historical cost or, in the case of donations, fair market value on the date donated. Infrastructure fixed assets are generally not capitalized. Interest incurred during construction is not capitalized for general fixed assets or higher education units' fixed assets.

Proprietary, Nonexpendable Trust and Pension Trust Funds' fixed assets are accounted for within their respective funds. They are depreciated on a straight-line basis with estimated useful lives of 30-50 years for buildings, 20 years for improvements and 4-12 years for equipment.

The State's general fixed assets are not depreciated in the General Fixed Assets Account Group. When purchased, such assets are recorded as expenditures in the governmental type funds and Expendable Trust Funds.

Higher Education Units' fixed assets and intangible assets are accounted for in the Investment in Plant Fund and are not depreciated.

Intrafund transfers of fixed assets have not been eliminated in the table below or in the accompanying financial statements.

Changes in fixed asset (long-lived assets for Higher Education Funds) balances for the fiscal year ended June 30, 1988 follow (in thousands):

	Balance July 1, 1987	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 1988
PROPRIETARY FUNDS				
Land	$ 926	$ -	$ -	$ 926
Buildings/Improvements	3,436	40	-	3,476
Equipment	74,749	11,626	3,462	82,913
Other Fixed Assets	15	-	-	15
Construction in Progress	84	1,658	1,566	176
Subtotal/Total	79,210	$ 13,324	$ 5,028	87,506
Accumulated Depreciation	(33,124)			(38,071)
Total	$ 46,086			$ 49,435
NONEXPENDABLE TRUST FUNDS				
Land	$ 49,399	$ -	$ -	$ 49,399
PENSION TRUST FUNDS				
Land	$ 60	$ -	$ -	$ 60
Buildings/Improvements	341	1	-	342
Equipment	169	88	76	181
Subtotal/Total	570	$ 89	$ 76	583
Accumulated Depreciation	(216)			(221)
Total	$ 354			$ 362
GENERAL FIXED ASSETS ACCOUNT GROUP				
Land	$ 44,612	$ 3,177	$ 1,351	$ 46,438
Buildings/Improvements	176,289	15,632	6,965	184,956
Equipment	62,236	9,296	3,695	67,837
Other Fixed Assets	27,214	98	12	27,300
Construction in Progress	6,112	588	4,050	2,650
Total	$ 316,463	$ 28,791	$ 16,073	$ 329,181
HIGHER EDUCATION FUNDS				
Land	$ 9,038	$ 366	$ 75	$ 9,329
Buildings/Improvements	255,622	1,452	4,996	252,078
Equipment	87,433	25,567	18,426	94,574
Other Fixed Assets	45,052	2,027	408	46,671
Construction in Progress	2,997	6,560	2,364	7,193
Intangible Assets	410	331	19	722
Total	$ 400,552	$ 36,303	$ 26,288	$ 410,567

9. **COMMITMENTS**

Construction Commitments - At June 30, 1988, the State had $104 million of remaining construction authorization; major long-term commitments under unperformed construction contracts were $70.3 million. As of June 30, 1988, the State's material projects related to highway and building construction were composed of the following (in thousands):

	Project Authorization	Expended through June 30, 1988	Remaining Construction Authorization
Department of Highways			
Butte District	$ 11,919	$ 7,823	$ 4,096
Missoula District	17,382	9,770	7,612
Great Falls District	15,997	10,413	5,584
Glendive District	15,445	11,826	3,619
*Miscellaneous Projects	147,454	98,636	48,818
Total Highways	208,197	138,468	69,729
Department of Administration - Architecture and Engineering Division			
Prison Expansion	16,252	16,114	138
U of M Fine Arts Facility	8,600	8,571	29
DNRC Building	7,358	7,262	96
Miles City Fish Hatchery	5,227	4,993	234
Dept. of Justice/State Library Bldg.	6,450	6,360	90
MT State Hospital Forensic Building	6,005	5,789	216
MSU Museum of the Rockies	6,090	4,837	1,253
MSU Controlled Environment Facility	5,302	5,266	36
MT Tech Engineering/Classroom Lab	5,374	5,290	84
*Miscellaneous Projects	101,043	68,936	32,107
Total Buildings	167,701	133,418	34,283
Total Construction Commitments	$ 375,898	$ 271,886	$ 104,012

* Less than $5 million per project

Proprietary Fund Types' Commitments - Fixed budgets are legally adopted in Enterprise and Internal Service Funds (excluding depreciation, compensated absences and bad debt expense). Current year appropriations may be committed for goods/services that are not received as of fiscal year-end. These executory commitments are included in unreserved retained earnings in the accompanying financial statements as follows (in thousands):

	AMOUNT
Enterprise Funds	
Housing Authority	$ 47
Economic Development Board	5
Employees' Group Benefits	1
Liquor Stores	38
State Lottery	12
Historical Society Publications	2
Fire Services Training School	1
Total Enterprise Funds' Commitments	$ 106
Internal Service Funds	
Highway Equipment	$ 1,694
Admin. Insurance	33
Central Data Processing	170
Prison Ranch	42
FWP Equipment	36
Admin. Property & Supply	15
Publications & Graphics	51
Highway Photo & Data Processing	10
Buildings & Grounds	76
Commerce Central Services	21
FWP Warehouse Inventory	73
Investment Division	25
FWP Office Supply	1
L & I Central Services	33
Total Internal Service Funds' Commitments	$ 2,280
Total Proprietary Fund Types' Commitments	$ 2,386

10. RETIREMENT SYSTEMS

Defined Contribution Plans - The two retirement plans in effect for eligible employees of the Montana University System (MUS), are the Montana Teachers' Retirement System (TRS) and the Optional Retirement Program (ORP). The ORP, starting in January 1, 1988, is underwritten by the Teachers' Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF). Only faculty and staff with contracts under the authority of the Board of Regents may elect either the TRS or the ORP. The TRS is discussed in the defined benefit section.

The ORP is a defined contribution plan. The benefits at retirement depend upon the amount of contributions, amount of investment gains and losses and the employee's life expectancy at retirement. Under the ORP, each employee enters into an individual contract with TIAA-CREF. Individuals are immediately vested with all contributions. Higher education units record employee/employer contribution expenditures in the affected Higher Education Subfund when remitting contributions to the Commissioner of Higher Education. These moneys are recorded in the Custodial Accounts Agency Fund. The Commissioner's Office then wire transfers the contributions to TIAA-CREF. The MUS is not liable for asset management or for providing benefits after the required contributions have been made to TIAA-CREF. Approximately 16% of eligible employees are members of the ORP. New employees have 90 days to make an election. Elections to a retirement plan are irrevocable during active employment. There were no related party transactions in the current reporting period.

	TIAA-CREF (in thousands)
Covered Payroll	$ 4,683
Total Payroll	95,946*
Employer Contributions	$ 138
Percent of Covered Payroll	2.956%
Employee Contributions	$ 330
Percent of Covered Payroll	7.044%

*Covered Payroll is for 6 month period plan was in effect and total payroll is for fiscal year 1988.

Defined Benefit Plans - The State contributes to nine retirement systems in three categories: (A) the State as the single employer; (B) the State as an employer contributor to cost-sharing multiple-employer plans; and, (C) the State as a nonemployer contributor to cost-sharing multiple employer plans. The number of years required to obtain vested rights varies among the systems. All systems provide early retirement options, death benefits, termination (except VFRS) and disability benefits. Only HPRS, JRS and FURS provide post-retirement benefits. The systems' funding policies provide for periodic employer and employee contributions at rates specified by State law; contribution requirements are not actuarially determined. An actuary determines the actuarial implications of the funding requirement in a biennial actuarial valuation. VFRS is in the process of being valuated. The actuarial method used to determine the implications of the statutory funding level is the entry age normal funding method, with both normal cost and amortization of the unfunded accrued liability determined as a level percentage of payroll. To maintain the fund on an actuarially sound basis, the rate of contributions should fund the normal cost in addition to amortizing the unfunded liability over a period of 40 years. The Contributions Required (R) by State/Actual (A) Contributions section contains the number of years needed to fund the normal cost and amortize the unfunded liability. Additionally, each system functions uniquely as described below:

(A) State as the Single Employer

HPRS - Highway Patrolmen's Retirement System - A system established in 1971 and governed by Title 19, Chapter 6 of the Montana Code Annotated provides retirement services for all members of the Montana Highway Patrol, including supervisory personnel. For members hired prior to July 1, 1985, there is no minimum age but minimum service is 20 years for benefit eligibility. A member hired after July 1, 1985, must be 50 years old and have 20 years of creditable service for benefit eligibility. The service retirement allowance is based on a formula of 2% times the number of years of service times the final average salary. Post-retirement benefits are 5% of a current highway patrolman's salary adjusted for years of service. Ten years of service constitutes the basis for vested rights.

JRS - Judges' Retirement System - This system established in 1967 and governed by Title 19, Chapter 5 of the Montana Code Annotated provides retirement services for all persons employed as a judge of a district court or justice of the Supreme Court. Minimum service is 5 years and minimum age is 65 for benefit eligibility. The monthly retirement allowance formula is 3 1/3% times the number of years of service (to a maximum of 15 years) times the current annual salary divided by 12, plus 1% of salary for each year of service after 15 years. Post-retirement benefits are a percentage of the current salary of the office retired from, adjusted for years of service. Five years of creditable service determines the basis for vested rights.

GWRS - Game Wardens' Retirement System - This system established in 1963 and governed by Title 19, Chapter 8 of the Montana Code Annotated provides retirement services for all persons employed as a game warden, including all supervisory personnel. Minimum age is 50 and minimum years of service are 20 for benefit eligibility. The formula for a service retirement allowance is 2% times the number of years of service times the final average salary. Ten years of service is required for vested right privileges.

(B) State as an Employer Contributor to a Cost-Sharing Multiple-Employer

PERS - Public Employees' Retirement System - This mandatory system established in 1945 and governed by Title 19, Chapter 3 of the Montana Code Annotated provides retirement services to substantially all public employees. Benefit eligibility is age 60 with at least 5 years of service; age 65 regardless of service; or 30 years of service regardless of age. Actuarially reduced benefits may be taken with 25 years of service or at age 50 with at least 5 years of service. Monthly retirement benefits are determined by taking 1/60 times the number of years of service times the final average salary. Members' rights become vested after 5 years of service.

TRS - Teachers' Retirement System - This mandatory system established in 1937 and governed by Title 19, Chapter 4 of the Montana Code Annotated provides retirement services to all persons employed as teachers or professional staff of any public elementary or secondary school, vocational-technical center or unit of the university system. Eligibility is met with a minimum of 25 years of service or age 60 with 5 years of creditable service. The formula for annual benefits is 1/60 times creditable service times the average final compensation. Rights are vested after 5 years of creditable service. Vested employees may retire at or after age 50 and receive reduced retirement benefits.

(C) State as a Nonemployer Contributor to a Cost-Sharing Multiple-Employer

MPORS - Municipal Police Officers' Retirement System - The system established in 1975 and governed by Title 19, Chapter 9 of the Montana Code Annotated covers all municipal police officers of cities covered by the plan. Minimum years of service are 20 for benefit eligibility. There is no minimum age if employed on or before July 2, 1975; age 50 if employed after that date. Any officers meeting the service year requirements shall receive 1/2 their final average salary. For service greater than 20 years, the allowance will increase 1% of the final average salary per year of additional service up to a maximum of 60% of final average salary. Rights become vested after 10 years of service.

FURS - Firefighters' Unified Retirement System - This system established in 1981 and governed by Title 19, Chapter 13 of the Montana Code Annotated provides retirement services for fully-paid firefighters. For members hired prior to July 1, 1981, for the first 20 years of service, the monthly service retirement benefit is equal to 1/2 of the final monthly compensation received. An additional amount equal to 1% for each year in excess of 20 can be received, up to a maximum retirement benefit of 60% of the last monthly compensation earned. For those hired after July 1, 1981, the retirement allowance is equal to 2% of the final average salary for each year of service, up to a maximum of 30 years service. Post-retirement benefits are 50% of a current firefighter's salary. Rights become vested after 10 years of service.

SRS - Sheriffs' Retirement System - This system established in 1974 and governed by Title 19, Chapter 7 of the Montana Code Annotated covers all persons employed as sheriffs. Minimum years of service are 25 and minimum age is 55 for benefit eligibility. The service retirement is calculated as follows: 2% of the final salary for each year of creditable service, up to a maximum of 50% of final salary. Any member with 26 or more years of service shall receive the allowance as calculated above plus an additional 1.35% of the final average salary for each year of creditable service in excess of 25 years, up to a combined maximum benefit of 60% of the final salary. After 10 years of service, an employee has a vested right to service retirement benefits.

VFRS - Volunteer Firefighters' Retirement System - This system established in 1965 and governed by Title 19, Chapter 12 of the Montana Code Annotated provides retirement services for all volunteer firefighters of unincorporated areas. This retirement system is required by law to be fully funded and cannot pay benefits unless money is available. Rights become vested after 20 years of service.

Actuarial valuations are performed every two years. Hendrickson, Miller & Associates Inc., Power Block Building, Helena, MT, Phone: (406-442-5222) prepared the actuary reports for the eight retirement systems and will be responsible for completing the actuarial valuation for the VFRS.
The following table discloses various information by retirement system (dollar amounts expressed in thousands) as of June 30, 1988. Although specific total payroll amounts are not available, substantially all of total payroll is covered.

	HPRS	JRS	GWRS	PERS	TRS	MPORS	FURS	SRS	VFRS
Plan Descriptions									
Covered Payroll	$ 5,907	$ 2,060	$ 2,386	$421,164	$383,533	$9,634	$9,447	$10,945	N/A
Related Party Disclosures									
Related Parties	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	N/A

	HPRS	JRS	GWRS	PERS	TRS	MPORS	FURS	SRS	VFRS
Funding Status & Progress									
Last Actuarial Valuation	6/30/88	6/30/88	6/30/88	6/30/88	7/01/87	6/30/88	6/30/88	6/30/88	N/A
Actuarial Update	6/30/88	6/30/88	6/30/88	6/30/88	6/30/88	6/30/88	6/30/88	6/30/88	N/A
Return on Investments	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	N/A
Projected Salary Increases:									
Inflation	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	N/A
Merit	NONE	NONE	NONE	NONE	.75%	NONE	NONE	NONE	N/A
Changes In Post-retirement	6.5%	6.5%	NONE	NONE	NONE	NONE	6.5%	NONE	N/A
PBO (1):									
Retirees, beneficiaries (2)	$19,676	$ 6,837	$ 4,669	$393,119	$423,970	$35,022	$40,449	$ 4,337	N/A
Current Employees (3)	5,257	1,483	2,425	254,276	344,138	6,560	6,823	7,128	N/A
Employer-financed vested	15,301	6,305	3,727	270,576	212,957	19,186	32,617	5,743	N/A
Employer-financed non-vested	565	362	159	27,765	18,287	2,476	2,211	1,102	N/A
Total PBO	$40,799	$14,987	$10,980	$945,736	$999,352	$63,244	$82,100	$ 18,310	N/A
Net Assets Available for Benefits at Cost*	$20,903	$10,258	$ 8,955	$692,753	$561,350	$28,424	$26,629	$ 25,727	$5,996
Unfunded PBO	$19,896	$ 4,729	$ 2,025	$252,983	$438,002	$34,820	$55,471	$ (7,417)	N/A
*At Market Value	$21,803	$10,736	$ 9,474	$758,497	$620,815	$29,409	$27,018	$ 26,779	$6,007
Effects on PBO (4)	$ 175	$ (233)	$ 21	$ (4,308)	NONE	$ 458	$ 388	$ (106)	N/A
Contributions Required (R) by Statute/Actual (A) Contributions (5)									
Years Required to Fund Normal Cost & Amortize Unfunded Liability	36.65	35.01	11.27	24.96	36.47	29.51	34.25	0.0	N/A
Employer Contributions (A)	$ 843	$ 124	$ 181	$27,137	$28,490	$ 1,254	$1,230	$ 840	N/A
% of Covered Payroll (A)	14.3%	6.0%	7.59%	6.443%	7.428%	13.02%	13.02%	7.67%	N/A
% of Covered Payroll (R)	26.75%	6.0%	7.15%	6.417%	7.428%	13.02%	13.02%	7.67%	N/A
Employee Contributions (A)	$ 448	$ 128	$ 236	$26,514	$28,801	$ 672	$ 572	$ 780	N/A
% of Covered Payroll (A)	7.59%	6%	9.9%	6.3%	7.5%	7.0%	6.0%	7.1%	N/A
% of Covered Payroll (R)	7.59%	6%(6)	7.9%	6.0%	7.044%	(7)	6.0%	7.0%	N/A
Other Contributions (A)	$ 645	$ 487	$ 221	-	-	$ 2,572	$3,091	-	$532
% of Covered Payroll (A)	10.9%	23.6%	9.3%	-	-	26.7%	33%	-	-
% of Covered Payroll (R)	(8)	(9)	(10)	-	-	(11)	(12)	-	(13)

N/A - This retirement plan is in the process of being actuarially valuated.

(1) The amounts shown as the PBO ("Pension Benefit Obligation") are standardized disclosure measures of the present value of pension benefits, adjusted for the effects of projected salary increases and separate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the system on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the systems. The significant actuarial assumptions used in the annual evaluations were the assumptions used in the PBO determination.

(2) Retirees, beneficiaries receiving benefits and terminated employees not yet receiving benefits.

(3) Current employees - accumulated employee contributions including allocated investment earnings.

(4) The mortality rates were updated to the 1983 Group Annuity Mortality Table with no age adjustment; disability rates were updated to rates based on the 1983 Disability Tables; and, the .75% annual merit increase assumption was dropped.

(5) Actual percentages exceed required percentages (unless otherwise footnoted) because contributions include amounts for buybacks.

(6) For members elected or appointed after July 12, 1983, the contribution rate is 7% of salary.

(7) Members employed before July 1, 1979 contribute 6.0% of salary and members employed after July 1, 1979 contribute 7.5% of salary.

(8) The employer's percentage includes fees from drivers' licenses.

(9) The employer also contributes District Court Fees equal to 31% of covered payroll and 25% of Supreme Court Fees. However, during the year ending June 30, 1988, actual contributions were not sufficient to cover the normal cost for the year.

(10) All collections from fines and forfeited bonds are also a part of the employer's contribution.

(11) The State uses a premium tax on motor vehicle property and casualty insurance policies to contribute 15.06% of active policemen's salaries. This figure includes $1,126,578 for post-retirement benefits for members retired before 7/1/75.

(12) The State uses a premium tax on insurance risks to contribute 22.98% of total firemen compensation. This figure includes $919,697 for post-retirement benefits for members retired before 7/1/73.

(13) The State contributes 5% of fire insurance premium taxes collected.

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Available 10-year trend information for HPRS, JRS, GWRS, PERS, TRS, MPORS, FURS, and SRS are found in these retirement systems' annual reports. Only the first year of the required 3-year trend information is available.

REQUIRED SUPPLEMENTARY INFORMATION
Analysis of Funding Progress
(In Thousands)

		HPRS	JRS	GWRS	PERS	TRS	MPORS	FURS	SRS
Net Assets Available for Benefits Expressed as a % of PBO (Percentage Funded)	1988...	51.2%	68.4%	81.6%	73.2%	56.2%	44.9%	32.4%	-
Unfunded PBO, Expressed as % of Annual Covered Payroll	1988...	336.8%	229.6%	84.9%	60.1%	114.2%	361.4%	587.2%	-
Employer Contributions Expressed as a % of Annual Covered Payroll	1988...	25.2%	29.6%	16.9%	6.443%	7.428%	13.02%	13.02%	7.67%

11. SELF-INSURANCE FUNDS

The State of Montana maintains several self-insurance plans. A brief description of each plan and the method of recording transactions are discussed below.

Group Employee Comprehensive Medical and Dental Plan - This plan is fully self-insured, with the State assuming all the risk for claims incurred by employees of the State, elected officials, retirees and their dependents, except for organ transplants which have been reinsured with the Equitable Life Assurance Society of the United States of America. There is no third party coverage. Blue Cross and Blue Shield of Montana administers the plan under contract.

Premiums are collected through payroll deductions, deductions through the Public Employees' Retirement System and self-payment and are recorded as revenue in the Employees' Group Benefits Enterprise Fund.

In July 1988, incurred, but not reported, claims were estimated by Martin E. Segal Company, a consulting actuarial firm, to be $3,475,000; a liability for $4,125,000 has been recorded in the accompanying financial statements for these and other estimated claims.

Property Insurance Plans - This self-insurance plan provides coverage for general liability, automobile liability, automobile physical damage, retail liquor stores inventory and inland marine.

The State self-insures the $100,000 deductible per occurrence for property insurance. The third party pays the next $50 million per occurrence.

Premiums are collected from all State agencies including Higher Education Units and recorded as revenue in the Administration Insurance Internal Service Fund.

The most recent actuary report, prepared by Coopers & Lybrand and issued for the accident period 7/1/77-6/30/88, estimated that the present fund balance reserve is insufficient by $21.3 million.

Montana University System (MUS) Group Benefits Plan - This plan was authorized by the Regents to provide medical, dental and vision insurance coverage to employees of the Montana University System. It is best described by the term minimum premium and is a modified form of self-insurance. Under minimum premium, MUS assumes the liability for claims up to the expected annual amount. If claims exceed the predicted amount, the insurance company (United of Omaha) is liable for excess claims. Each month the University System sends United of Omaha approximately 10% of the premium due (hence the term minimum premium). The balance (90%) is held and invested until needed to pay claims. Premiums are collected from employees through payroll deductions and recorded in the MUS Group Insurance Enterprise Fund. The advantage of a minimum premium plan is that interest is earned on reserves while protecting the plan if claims exceed expected amounts. The incurred but not reported claims are estimated to be $1,343,606 as of June 30, 1988; a liability has been recorded in the accompanying financial statements for these estimated claims.

12. **SEGMENT INFORMATION**

Selected financial information concerning all enterprise operations for the fiscal year ended June 30, 1988 is as follows (in thousands):

	Housing Authority	Economic Development Bonds	Employees Group Benefits	Liquor Stores	State Lottery	MUS Group Insurance	Other* Enterprise	Total Enterprise
Operating Revenues:								
Charges for Services	$ 576	$ 96	$18,362	$34,226	$21,062	$ -	$ 607	$ 74,929
Investment Earnings	57,832	3,234	1,541	-	-	308	-	62,915
Taxes	-	-	-	8,700	-	-	-	8,700
Other Revenues	-	-	-	14	-	7,463	54	7,531
Operating Expenses:								
Depreciation	47	6	2	82	108	4	53	302
Other	50,833	2,993	22,529	30,392	13,802	8,159	700	129,408
Operating Income (Loss)	7,528	331	(2,628)	12,466	7,152	(392)	(92)	24,365
Nonoperating Revenues (Expenses)	-	(3)	-	(1)	-	-	(28)	(32)
Operating Transfers In (Out)	-	-	-	(12,337)	(8,376)	-	45	(20,668)
Net Income (Loss)	$ 7,528	$ 328	$(2,628)	$ 128	(1,224)	$ (392)	$ (75)	$ 3,665
Current Assets	$ 71,841	$30,968	$ 8,181	$ 8,978	$4,215	$4,647	$ 565	$ 129,395
Current Liabilities	(5,749)	(772)	(787)	(3,314)	(4,877)	(100)	(224)	(15,823)
Net Working Capital	$ 66,092	$30,196	$ 7,394	$ 5,664	$ (662)	$4,547	$ 341	$ 113,572
Total Assets	$609,498	$41,621	$ 19,767	$10,517	$5,495	$4,663	$1,223	$ 692,784
Total Liabilities	$558,723	$41,197	$ 4,920	$ 3,585	$5,495	$1,450	$ 262	$ 615,632
Fund Equity	$ 50,775	$ 424	$ 14,847	$ 6,932	$ -	$3,213	$ 961	$ 77,152
Long-Term Obligations	$552,974	$40,425	$ 4,133	$ 271	$ 618	$1,350	$ 38	$ 599,809
Contributed Capital	$ -	$ 23	$ -	$ 1,916	$ -	$ -	$ 668	$ 2,607
Acquisition of Fixed Assets	$ 17	$ 2	$ 5	$ 40	$ 56	$ 4	$ 87	$ 211
Disposal of Fixed Assets	$ -	$ 3	$ -	$ 2	$ 169	$ -	$ 39	$ 213

1. The Housing Authority provides financing to qualified individuals to purchase residential housing by issuing bonds and carrying federally insured mortgage notes.

2. Economic Development Bonds, administered by the Board of Investments, assists Montana's small businesses and local governments in obtaining long-term, fixed-rate financing through private Montana lending institutions.

3. The Employees Group Benefits fund receives non-higher education unit employee withholdings and State contributions to the medical/dental self-insurance plan.

4. The Liquor Division of the Department of Revenue administers the State liquor operations (Liquor Stores). In addition to selling liquor and wines, the division issues licenses and permits to wholesalers and retailers and collects taxes.

5. The State Lottery accounts for the operations of Montana's lottery which began in June, 1987.

6. MUS Group Insurance accounts for contributions to the Montana University System's (MUS) medical/ dental self-insurance plan.

* Other Enterprise is composed of the following funds (listed by administering agency):

Department of Agriculture	Fish, Wildlife and Parks
Department of Agriculture	FWP Snowgroomer Rental
Department of Commerce	**Montana Historical Society**
Health Facilities Authority West Yellowstone Airport Technology Investment	Historical Society Publications
	Fire Services Training School
	Fire Services Training School

13. DEFERRED COMPENSATION PLAN

Since 1976, the State of Montana has offered a deferred compensation plan which allows employees to set aside a portion of their salary each payday towards retirement while deferring the State and federal income taxes until future years. The payroll deferrals are invested with Nationwide Insurance. All employees of the State are eligible to participate. The plan operates under the sanction of both State and federal laws (Section 457 of the Internal Revenue Code). The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. In the past, the plan assets have been used for no purpose other than to pay benefits. The State believes that it is unlikely it will use the assets to satisfy the claims of general creditors in the future because of the contractual arrangement with Nationwide Insurance and the State's obligation to participants for their account balance. State statute requires there be no financial liability of the State or a political subdivision for any investment losses incurred by any eligible deferred compensation plan. However, the State does have the duty of care that would be required of an ordinary prudent investor. As of June 30, 1988, the net assets of the plan available for benefits totaled $48.065 million.

The following is a summary of the increases and decreases of this Employees Deferred Compensation Agency Fund for the fiscal year ended June 30, 1988 (in thousands):

Fund Assets (at market value), July 1, 1987	$ 40,508
Deferrals of compensation	6,400
Earnings and adjustment to market value	3,144
Payments to eligible participants and beneficiaries	(1,692)
Administrative expenses	(295)
Fund Assets (at market value), June 30, 1988	$ 48,065

14. UNEMPLOYMENT INSURANCE COMPENSATION

Unemployment compensation benefits are funded in the State through unemployment insurance taxes levied against employers. The funds collected from this tax are deposited in the Unemployment Insurance Clearing Account and transferred daily to a trust fund in Washington, D.C. The United States Secretary of the Treasury is the trustee of this fund. The moneys are then transferred back to the State's Benefit Payment Account for disbursement as unemployment insurance benefits. Transfers are made weekly at the request of the Montana Department of Labor and Industry.

Prior to 1986, the State's Unemployment Insurance trust fund was insolvent. In order to fulfill benefit payments, the State borrowed from the federal trust fund. The 1985 Legislature passed measures which increased employers' taxes; reduced the amount of benefits paid; and, restricted eligibility. These were adopted from the Employment Security Advisory Council recommendations. As of June 30, 1988, all federal loans had been retired and the State's trust fund had a fund balance of $51.479 million. The State does not anticipate borrowing from the federal trust fund during the coming biennium.

15. FUND DEFICITS

The following funds have a deficit fund equity as of June 30, 1988 (in thousands):

Capital Projects Fund Type	Amount	
Federal/Private Construction Grant	$ (93)	
Internal Service Fund Type		
Administration - Legal	(4)	
Labor Central Services	(71)	
Expendable Trust Fund Type		
State Compensation Insurance	(95,358)	See Footnote #17
Higher Education Fund Type		
General Operating Subfund	(7,804)	Result of recording compensated absences

16. CONTINGENCIES

Litigation - The Blackfeet Tribe of Indians sued in 1978 for a declaratory judgment that all taxes on the royalty share of production of oil and gas beneficially owned by the Tribe are invalid. A federal district court dismissed the complaint and the Tribe appealed to the Ninth Circuit Court of Appeals. In December 1982, the Court of Appeals upheld the judgement of the district court. A rehearing was granted and heard before an 11-member panel in November 1983. The district court judgment was reversed.

On June 3, 1985, the United States Supreme Court affirmed the Ninth Circuit, rejecting Montana's claim that the taxing proviso in the act of May 29, 1924, applied to oil and gas leases issued pursuant to the Indian Mineral Leasing Act of 1938. The case was thereafter remanded to the district court for further proceedings, including trial if necessary. The parties, however, entered into settlement agreement in July 1987 which, if implemented, will resolve the Tribe's claims. The agreement provides for the payment of $963,000 to the Tribe by the State upon, inter alia, securing releases from certain non-Indian producers who deducted moneys from tribal royalties for the purpose of paying that portion of the challenged taxes attributable to the tribal royalty amount. All required releases have been obtained, and the action has been dismissed against all defendants. Aside from the tribal claims, various non-Indian producers have initiated State court proceedings alleging the oil and gas taxes are preempted with respect to all production within the Blackfeet, Fort Peck and Rocky Boy Indian reservations. It is also possible these producers may file amended returns to recover additional amounts.

The Crow Indian Tribe filed suit in 1978 in federal district court seeking a declaration that Montana's coal severance and gross proceeds taxes are invalid as applied to the production of coal on the Crow Reservation and to the production of coal owned by the Tribe located in an off-reservation area, known as the "Crow ceded area" or "ceded strip", which lies roughly between the northern boundary of the reservation and the Yellowstone River. The amount of coal reserved falling within these categories has not been precisely determined. The taxes were alleged to be invalid under a variety of theories, of which the most prominent were that the State taxes conflict with federal policy by preventing the marketing of Crow coal and infringe on tribal sovereignty by depriving the Tribe of revenue needed to provide governmental services to the Crow people. In addition to a declaration that the taxes were invalid, the Tribe sought restitution for an amount equal to the severance and gross proceeds taxes paid by Westmoreland Resources, Inc. (Westmoreland), the only company currently mining coal claimed by the Tribe, together with the interest which accrued to the Coal Severance Tax Trust Fund on the amount of taxes paid.

In January 1983, the court ordered Westmoreland's future severance tax payments placed in escrow pending the outcome of the litigation. The State has received no severance tax payments from Westmoreland with respect to the coal mined on the ceded strip since the entry of this order. The amount escrowed to date is approximately $29 million. Prior to 1983, Westmoreland's annual severance tax payments varied from a low of $5.407 million in 1976 to a high of $7.078 million in 1979.

On September 10, 1985, the United States District Court for the District of Montana, Billings Division, held that the Montana coal severance tax is valid insofar as it is applied to the production of coal held by the United States in trust for the Crow Tribe on the ceded strip. The court specifically declined to rule on whether application of the State's tax on coal producers on the reservation would be valid. Currently no coal is being mined on the reservation. On June 11, 1987, the Ninth Circuit Court of Appeals reversed the district court's decision and ruled that Montana is preempted from applying its severance and gross proceeds taxes on coal within the ceded strip held in trust for the Crow Tribe and on coal mined on the reservation. On August 28, 1987, the State docketed an appeal of the decision to the United States Supreme Court, and on January 11, 1988, that Court summarily affirmed the Court of Appeals' judgement.

As a result of the Supreme Court's affirmance, two principal issues now remain to be resolved by the district court. The lower court must first decide whether the escrowed funds are to be paid directly to the Tribe or to the United States in trust for the Tribe; the State has disclaimed any interest in those moneys. Second, the district court must resolve the Tribe's claim for tax moneys paid by Westmoreland to the State but not escrowed and Westmoreland's claim for tax moneys paid to the State prior to September 29, 1982. The amount of all such nonescrowed coal severance tax moneys, exclusive of interest, is approximately $38.4 million. If interest on such moneys is eventually awarded, their amount will increase substantially. The State believes it has meritorious defenses to the Tribe's claim and, at least in federal court, to Westmoreland's claim.

Sixty-seven school districts sued the State of Montana, Office of Public Instruction, and the Board of Public Education, contending that the present system of funding public education is in violation of the Montana Constitution. In January 1988, the First Judicial District Court issued Findings of Fact, Conclusions of Law, Order, and Memorandum Opinion which struck down Montana's system of funding education.

In summary, the court held: (1) Montana's funding system violates the Equal Protection Clause of the 1972 Montana Constitution, and Article X, Section 8 of the same; (2) Because Montana's system greatly depends on local property taxes, Montana does not provide equal funding opportunities to school districts because of the disparity of wealth between various school districts, resulting in greater tax effort in some low taxable wealth school districts which raise an amount of funding equal to school districts with higher taxable valuation. Since 65% of the general fund budget is paid throughout the State and 35% is voted levy (over-scheduled amount), the court held that the system is unconstitutional; (3) There is great disparity between taxpayer effort and taxpayer burden because of disparity of taxable wealth; (4) The court will accept equality of educational opportunities measured by dollars. In other words, except for educationally relevant factors, student expenditures must be equal; and, (5) The Court also indicates that the State's system of funding transportation, special education, capital improvement and outlay, teacher's retirement, and comprehensive insurance contribute to the unequal system of funding schools.

There is great uncertainty about the financial ramifications of the court decision. Because the 220 pages are open to countless interpretations, it is been suggested that if the State of Montana is required to fund the School Foundation Program at 100% level of funding, approximately $50-150 million of additional revenue will be needed to meet a projected level of funding to maintain the constitutional test.

There is also an interpretation that the district court decision does not require additional funding. The constitutional test may be achieved by equalizing the existing funds available to school districts. This would be accomplished by redividing the available revenue amounts. In other words, the level of per student expenditure would be maintained at the same level for each sized school district category, similar to the maximum general fund budget without a voted levy (over-scheduled) amount provided by the Legislature.

The case is on appeal to the Montana Supreme Court on all issues. The district court denied plaintiff's request that the State of Montana pay attorneys and expert witness fees which the plaintiffs claim in the amount of $363,000. Plaintiffs have appealed that part of the district court's Order. The records have been transmitted. Formal briefing of the case is expected to be completed by December 1988, with oral argument scheduled in early January 1989. The decision is not expected to be rendered until February or March 1989.

The Department of Revenue reported a 50-50 chance that the State will prevail in the following tax refund cases: AT&T ($2,050,000) and Pacific Power & Light ($2,300,000).

Federal Contingencies

Grants - The State receives federal grants and entitlements for specified purposes which are subject to review and to audit by the grantor agencies. Any disallowances resulting from these audits would become the liability of the State. As of June 30, 1988, the State estimates that no material liabilities will result from such audits.

USDA Food Stamp Coupons/Commodities - The State had custodial responsibility for $8,551,000 of USDA food stamp coupons and $2,419,654 in commodities as of June 30, 1988, for which the State is liable in the event of loss. In fiscal year 1988, Montana issued $35,193,719 in food coupons and distributed $7,090,314 in commodities.

Social Security - The Social Security Administration assessed the State $39 million for social security contributions for part-time employees for the years 1984-1986 to which the State vigorously objects and finds without basis. The State is pursuing administrative appeal of the assessment.

Gain Contingencies - Certain natural resource and corporation tax assessments are not reported on the State's financial statements because they are being protested either administratively or in a court of law. As of June 30, 1988, the following assessments (by fund type) were outstanding (in thousands):

Taxes	General	Special Revenue	Debt Service	Nonexpendable Trust
Corporation	$ 7,332	$ 2,864	$ 1,260	$ -
Coal Severance	2,844	6,264	176	9,284
Metal Mines Tax	376	188	-	-
Oil & Gas Severance	850	-	-	-
Conservation	-	14	-	-
Resource Indemnity	-	-	-	3,618
Totals	$ 11,402	$ 9,330	$ 1,436	$ 12,902

Collectibility of these contingencies is dependent upon the decisions of the court or other authorities.

17. STATE COMPENSATION INSURANCE

The payment of benefits to injured workers is funded through employer contributions (includes private businesses and local and State governmental entities) to the State-operated workers' compensation insurance system. The fund is owned by the policyholders and all funding comes from the premiums paid by them for the insurance. At June 30, 1987, actuarial liabilities exceeded assets by $149,168,483; a liability has been recorded in the State Compensation Insurance Expendable Trust Fund for this unfunded liability. Final actuarial data was not available for the fiscal year ended June 30, 1988. It is unknown what percentage of the liability belongs to the State as a participant. To alleviate cash flow problems and address the deficit, the Legislature provided for a .3% payroll tax (effective July 1, 1987 through June 30, 1991) for all employers based on total wages paid. There are no funds presently available as a contingency reserve.

18. **NONEXPENDABLE TRUST FUNDS' INVESTMENT INCOME**

Investments are recorded in Nonexpendable Trust Funds using the full accrual basis of accounting. However, certain investment earnings attributable to these trusts are transferred elsewhere, as summarized below:

Nonexpendable Trust Fund	Reporting of Investment Earnings
Permanent Coal Tax	Permanent Trust and In-State Investment Accounting Entities-Investment earnings are distributed 98% to the General Fund and 2% is added to the trust's corpus for fiscal year 1988. Fifteen percent of total investment earnings, from July 1, 1983 through June 30, 1986, are also reported as additional trust corpus. According to State statute, this portion of the trust corpus ($14.6 million) may be appropriated with a three-fourths vote of each house of the Legislature.
Education	Investment earnings attributable to this trust are distributed as follows: 67.5% to the Office of Public Instruction for public schools; the remaining 32.5% goes to the Board of Regents for distribution to higher education institutions.
Resource Indemnity	Investment earnings are distributed to the State Special Revenue Fund as follows: 58% is distributed to the following agencies for various projects - Department of Natural Resources and Conservation, Department of Labor and Industry and the Governor's Office; 30% subsidizes water development projects of the Department of Natural Resources and Conservation; and 12% funds implementation of the Hazardous Waste Act, administered by the Department of Health and Environmental Sciences.
Parks, Cultural and Aesthetic Projects	Investment earnings are distributed to the State Special Revenue Fund as follows: two-thirds to the Department of Fish, Wildlife and Parks for the acquisition and maintenance of parks; and, one-third to the Montana Arts Council for cultural and aesthetic projects.
Land Grants	Ninety-four percent of investment earnings are transferred to the State Special Revenue Fund for the Office of Public Instruction to distribute to public schools; five percent is distributed to Higher Education Units (Current and Plant Funds); and, one percent to the Department of Institutions (General Fund and Interest and Income Special Revenue Fund).
Real Property	All investment earnings are transferred to the State Special Revenue Fund for use by the Department of Fish, Wildlife and Parks to operate, maintain and develop its real property.
Thomas Teakle	Investment earnings are transferred to the Private Donations Special Revenue Fund for the Montana Historical Society's library acquisitions.
BN Settlement	All investment earnings are transferred to the BN Settlement Expendable Trust Fund.

19. **SUBSEQUENT EVENTS**

- The Montana Health Facilities Authority issued $1,461,000 in Health Facilities Revenue Bonds on October 28, 1988.
- The Board of Investments issued $5,000,000 in Municipal Finance Consolidation Act Bonds on July 14, 1988 for the Intermediate Term Capital Program.
- The Board of Investments issued $17,365,000 in Municipal Finance Consolidation Act Bonds on August 9, 1988 for the Cash Anticipation Financing Program.
- The Board of Investments issued $4,976,214 in Municipal Finance Consolidation Act Bonds on August 16, 1988 for the Irrigation District Pooled Loan Program.
- The Board of Housing issued $25,000,000 in bonds for the Single Family Program on November 17, 1988.

MONTANA *Before Statehood*

"Lewis and Clark returned from the Pacific in 1806 to report, among many things, the existence of a fortune in furs in the Upper Missouri drainage. One of the first groups organized to reap this wealth was the Missouri Fur Company, a partnership comprised of some of the St. Louis' most enterprising entrepreneurs. Under the leadership of Pierre Menard and Andrew Hunt, the company's first expedition established a post near the Three Forks of the Missouri during the spring of 1810. An attack on the camp on April 23 indicated that local Indians would be hostile to the company's intrusion on their lands. A few days later Menard described the action in a letter to his brother-in-law and business partner, Pierre Chouteau. At the same time, writing in French, he explained the impact it could have on future prospects of the venture." (1)

****

"Three Forks of the Missouri
21 April, 1810

Mr. Pierre Chouteau Esq.

Dear Sir and Brother-In-Law:--

I had hoped to be able to write you more favorably than I am now able to do. The outlook before us was much more flattering ten days ago that it is today. A party of our hunters was defeated by the Blackfeet on the 12th inst. There were two men killed, all their beaver stolen, many of their traps lost, and the ammunition of several of them, and also seven of our horses. We set out in pursuit of the Indians but unfortunately could not overtake them. We have recovered forty-four traps and three horses, which we brought back here, and we hope to find a few more traps.

This unfortunate affair has quite discouraged our hunters, who are unwilling to hunt anymore here . . .

. . . Unless we can have peace with these [malefactors] or unless they can be destroyed, it is idle to think of maintaining an establishment at this point.

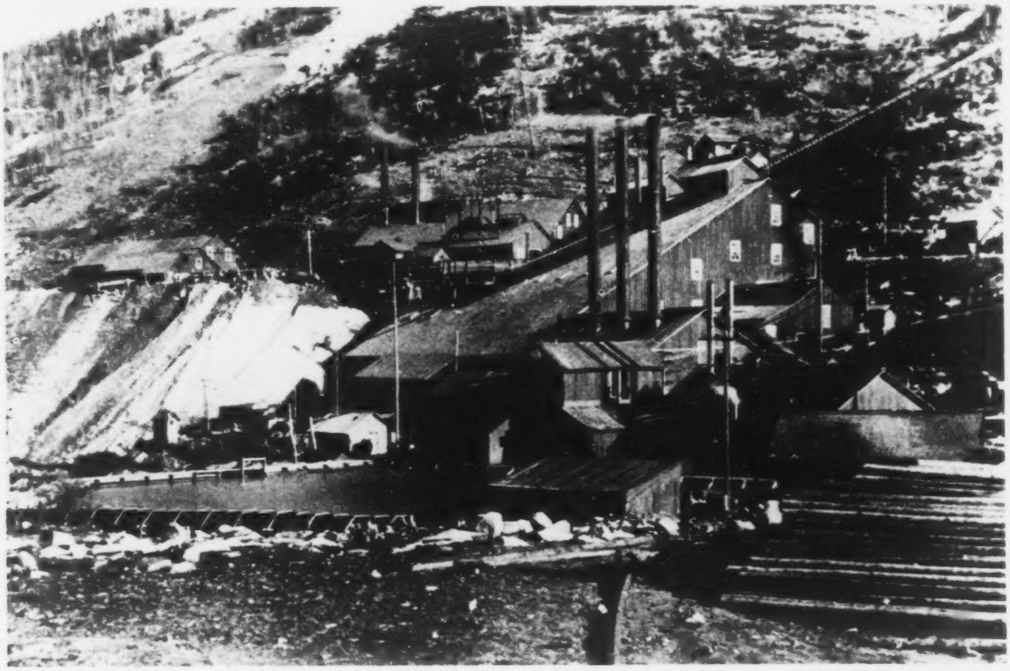
Assure Madame Chouteau of my most sincere esteem as well as your dear children and believe me always your devoted

Pierre Menard" (2)

****

Narration (1) and an excerpt from a letter (2) on page 5 of the book, Not in Precious Metals Alone, A manuscript History of Montana, published by the Montana Historical Society. Copyright permission courtesy of the Montana Historical Society.

MONTANA Before Statehood



Drumlummon Mine, Marysville, Montana. Late 1880's, early 1890's.

Photograph Courtesy of Montana Historical Society

COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS/SCHEDULES

The financial statements that follow provide detailed information on the financial position and results of operations, by fund, for each fund type. Budget basis schedules provide comparisons of the legally established budget with actual data on the budgetary basis for expenditurs/expenses and transfers out. These schedules were compiled from the Statewide Budgeting and Accounting System (SBAS).

COMBINING & INDIVIDUAL
STATEMENTS/SCHEDULES

COMBINING & INDIVIDUAL
STATEMENTS/SCHEDULES

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GENERAL FUND

The General Fund is used to account for all governmental financial resources except those required to be accounted for in another fund.

STATE OF MONTANA
Balance Sheet
General Fund
June 30, 1988
(Expressed in Thousands)

	TOTALS - June 30	
	1988	1987
ASSETS:		
Cash/Cash Equivalents	$ 22,689	$ 8,766
Receivables (Net)	20,736	18,981
Interfund Loans Receivable	14,119	8,988
Due from Other Governments	7	240
Due from Other Funds	53,587	23,708
Inventories	1,834	1,792
Long-Term Notes/Loans Receivable	390	389
Other Assets	789	405
TOTAL ASSETS	$ 114,151	$ 63,269
LIABILITIES/FUND BALANCE:		
Liabilities:		
Accounts Payable	$ 17,641	$ 20,631
Interfund Loans Payable	20,000	-
Due to Other Governments	1	47
Due to Other Funds	11,819	4,822
Deferred Revenue	18,982	17,494
Property Held in Trust	184	942
Other Liabilities	1	1
Total Liabilities	68,628	43,937
Fund Balance:		
Reserved For:		
Encumbrances	3,626	1,531
Inventories	1,834	1,792
Long-Term Loans	591	5,452
Unreserved	39,472	10,557
Total Fund Balance	45,523	19,332
TOTAL LIABILITIES/FUND BALANCE	$ 114,151	$ 63,269

STATE OF MONTANA
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	TOTALS YEAR ENDED JUNE 30	
	1988	1987
REVENUES:		
Licenses/Permits	$ 8,212	$ 27,732
Taxes:		
Gas/Oil/Coal Production	30,937	30,546
Individual Income	142,747	121,479
Corporate Income	27,027	19,683
Other	58,789	20,905
Charges for Services/Fines/Forfeits	18,406	16,576
Investment Earnings	16,032	15,214
Sale of Documents/Merchandise/Property	153	3,468
Rentals/Leases/Royalties	140	136
Grants/Contracts/Donations	-	1
Federal	707	352
Federal Indirect Cost Recoveries	241	550
Other Revenues	3,117	2,946
Total Revenues	306,508	259,588
Intrafund Revenues	(430)	-
Net Revenues	306,078	259,588
EXPENDITURES:		
Current:		
General Government	31,130	33,697
Public Safety/Corrections	31,995	30,659
Transportation	797	1,620
Health/Social Services	131,940	134,554
Education/Cultural	48,604	45,322
Resource Development/Recreation	11,999	11,256
Economic Development/Assistance	6,113	15,547
Debt Service:		
Principal Retirement	81	65
Interest/Fiscal Charges	2,505	4,345
Capital Outlay	2,373	1,650
Total Expenditures	267,537	278,715
Intrafund Expenditures	(430)	-
Net Expenditures	267,107	278,715
Excess of Revenues Over (Under) Expenditures	38,971	(19,127)
OTHER FINANCING SOURCES (USES):		
Bond Proceeds	163	126
Inception of Lease/Installment Contract	105	74
General Fixed Asset Sale Proceeds	69	-
Operating Transfers In	87,005	85,002
Operating Transfers Out	(100,583)	(106,838)
Total Other Financing Sources (Uses)	(13,241)	(21,636)
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses	25,730	(40,763)
FUND BALANCE - July 1 - As Previously Reported	19,332	18,754
Prior Period Adjustments	140	-
FUND BALANCE - July 1 - As Restated	19,472	18,754
Increase (Decrease) in Inventories	42	(13)
Residual Equity Transfers	279	41,354
FUND BALANCE - JUNE 30	$ 45,523	$ 19,332

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - GENERAL FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
LEGISLATIVE AUDITOR				
AUDIT & EXAMINATION PROGRAM	$ 1,111		$ 1,055	$ 56
TOTAL AGENCY	**$ 1,111**		**$ 1,055**	**$ 56**
LEGISLATIVE FISCAL ANALYST				
ANALYSIS AND REVIEW	863		757	106
TOTAL AGENCY	**$ 863**		**$ 757**	**$ 106**
LEGISLATIVE COUNCIL				
LEGISLATIVE COUNCIL FEED BILL	281		91	190
INTERIM STUDIES & CONFERENCES	190		99	91
LEGISLATIVE COUNCIL	1,574		1,385	189
TOTAL AGENCY	**$ 2,045**		**$ 1,575**	**$ 470**
LEGISLATURE-SENATE				
LEGISLATURE - SENATE	395		111	284
TOTAL AGENCY	**$ 395**		**$ 111**	**$ 284**
LEGISLATURE-HOUSE				
LEGIS.- HOUSE OF REPRESENTATIV	488		182	306
TOTAL AGENCY	**$ 488**		**$ 182**	**$ 306**
ENVIRONMENTAL QUALITY COUNCIL				
ENVIRONMENTAL QUALITY PROGRAM	244		217	27
TOTAL AGENCY	**$ 244**		**$ 217**	**$ 27**
JUDICIARY				
SUPREME COURT OPERATIONS	1,330		1,315	15
BOARDS AND COMMISSIONS	183		178	5
LAW LIBRARY	511		506	5
DISTRICT COURT OPERATIONS	2,240		2,218	22

(Continued on next page.)

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - GENERAL FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
JUDICIARY				
TOTAL AGENCY	**$ 4,264**		**$ 4,217**	**$ 47**
GOVERNORS OFFICE				
EXECUTIVE OFFICE PROGRAM	1,123		979	144
MANSION MAINTENANCE PROGRAM	61		57	4
AIR TRANSPORTATION PROGRAM	96		91	5
OFFICE OF BDGET & PGM PLANNING	676		654	22
LT. GOVERNOR	201		192	9
CITIZENS ADVOCATE OFFICE	51		51	0
MENTAL DIS BD VISITORS	129		129	0
TOTAL AGENCY	**$ 2,337**		**$ 2,153**	**$ 184**
SECRETARY OF STATES OFFICE				
RECORDS MANAGEMENT PROGRAM	554		545	9
TOTAL AGENCY	**$ 554**		**$ 545**	**$ 9**
COMMISSIONER OF POLITICAL PRAC				
ADMINISTRATION	102		84	18
TOTAL AGENCY	**$ 102**		**$ 84**	**$ 18**
STATE AUDITORS OFFICE				
CENTRAL MANAGEMENT	241		229	12
AUDIT DIVISION	787		580	207
TOTAL AGENCY	**$ 1,028**		**$ 809**	**$ 219**
OFFICE OF PUBLIC INSTRUCTION				
CHIEF STATE SCHOOL OFFICER	132		131	1
BASIC SKILLS	933		924	9
VOCATIONAL EDUCATION	172		170	2
ADMINISTRATIVE SERVICES	854		847	7
SPECIAL SERVICES	436		432	4
DISTRIBUTION TO PUBLIC SCHOOLS	34,924		34,785	139
DISTRIBUTION TO PUBLIC SCHOOLS		62,000	0	62,000
TOTAL AGENCY	**$ 37,451**	**$ 62,000**	**$ 37,289**	**$ 62,162**

(Continued on next page.)

STATE OF MONTANA

SCHEDULE OF EXPENDITURES AND TRANSFERS OUT

BUDGET AND ACTUAL (BUDGET BASIS) - GENERAL FUND

FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
CRIME CONTROL DIVISION				
BOARD OF CRIME CONTROL	$ 421		$ 409	$ 12
TOTAL AGENCY	**$ 421**		**$ 409**	**$ 12**
HIGHWAY TRAFFIC SAFETY				
HIGHWAY TRAFFIC SAFETY DIV	277		76	201
TOTAL AGENCY	**$ 277**		**$ 76**	**$ 201**
DEPARTMENT OF JUSTICE				
LEGAL SERVICES DIVISION	786		782	4
INDIAN LEGAL JURISDICTION	166		126	40
COUNTY PROSECUTOR SERVICES	139		137	2
DRIVER SERVICES BUREAU	1,858		1,815	43
LAW ENFORCEMENT SERVICES DIV	82		81	1
COUNTY ATTORNEY PAYROLL	944		941	3
FIRE MARSHAL BUREAU	316		316	0
IDENTIFICATION BUREAU	237		234	3
CRIMINAL INVESTIGATION BUREAU	180		177	3
CENTRAL SERVICES DIVISION	361		359	2
EXTRADITION & TRANSP PRISONERS	147		147	0
TOTAL AGENCY	**$ 5,216**		**$ 5,115**	**$ 101**
PUBLIC SERVICE REGULATION				
PUBLIC SERVICE REGULATION PROG	1,769		1,645	124
TOTAL AGENCY	**$ 1,769**		**$ 1,645**	**$ 124**
BOARD OF PUBLIC EDUCATION				
ADMINISTRATION	189		163	26
TOTAL AGENCY	**$ 189**		**$ 163**	**$ 26**
COMMISSIONER OF HIGHER ED				
ADMINISTRATION PROGRAM	802		777	25
STUDENT ASSISTANCE PROGRAM	3,727		3,671	56
COMMUNITY COLLEGE ASSISTANCE	3,051		3,047	4
VO-TECH APPROP. DISTRIB.		5,010	5,010	0

(Continued on next page.)

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - GENERAL FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
COMMISSIONER OF HIGHER ED				
VO-TECH ADMIN.	$ 82		$ 70	$ 12
APPROPRIATION DISTRIBUTION		84,232	84,232	0
TOTAL AGENCY	**$ 7,662**	**$ 89,242**	**$ 96,807**	**$ 97**
SCHOOL FOR THE DEAF & BLIND				
ADMINISTRATION PROGRAM	214		196	18
GENERAL SERVICES PROGRAM	267		267	0
STUDENT SERVICES	627		627	0
EDUCATION	977		976	1
TOTAL AGENCY	**$ 2,085**		**$ 2,066**	**$ 19**
MONTANA ARTS COUNCIL				
PROMOTION OF THE ARTS	125		125	0
TOTAL AGENCY	**$ 125**		**$ 125**	**0**
LIBRARY COMMISSION				
STATE LIBRARY OPERATIONS	549		541	8
TOTAL AGENCY	**$ 549**		**$ 541**	**$ 8**
HISTORICAL SOCIETY				
ADMINISTRATION PROGRAM	442		425	17
LIBRARY PROGRAM	364		362	2
MUSEUM PROGRAM	207		207	0
MAGAZINE PROGRAM		41	41	0
HISTORICAL SITES PRESERVATION	66		63	3
TOTAL AGENCY	**$ 1,079**	**$ 41**	**$ 1,098**	**$ 22**
BOARD OF REGENTS				
ADMINISTRATION PROGRAM	33		33	0
ADMINISTRATION PROGRAM		163	163	0
TOTAL AGENCY	**$ 33**	**$ 163**	**$ 196**	**0**

(Continued on next page.)

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - GENERAL FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
FIRE SERVICES TRAINING SCHOOL				
FIRE SERVICES TRAINING SCHOOL	$ 199		$ 197	$ 2
TOTAL AGENCY	**$ 199**		**$ 197**	**$ 2**
DEPT HEALTH & ENVIRON SCIENCES				
DIRECTOR'S OFFICE	353		348	5
CENTRAL SERVICES	851		774	77
ENVIRONMENTAL SCIENCES	822		750	72
SOLID/HAZARDOUS WASTE	76		75	1
WATER QUALITY	462		357	105
HEALTH SERVICES/MEDICAL FAC	365		358	7
FAMILY/MCH BUREAU	31		28	3
PREVENTIVE HEALTH BUREAU	744		416	328
LICENSING AND CERTIFICATION	314		311	3
HEALTH PLANNING	176		160	16
TOTAL AGENCY	**$ 4,194**		**$ 3,577**	**$ 617**
DEPARTMENT OF STATE LANDS				
CENTRAL MANAGEMENT PROGRAM	1,064		1,058	6
RECLAMATION PROGRAM	85		83	2
LAND ADMINISTRATION PGM	572		545	27
FORESTRY	6,575		6,471	104
TOTAL AGENCY	**$ 8,296**		**$ 8,157**	**$ 139**
DEPARTMENT OF LIVESTOCK				
CENTRALIZED SERVICES PROGRAM	62		59	3
DIAGNOSTIC LABORATORY PROGRAM	307		305	2
MILK & EGG PROGRAM	195		190	5
RABIES CONTROL	43		42	1
MEAT INSPECTION PROGRAM	139		122	17
TOTAL AGENCY	**$ 746**		**$ 718**	**$ 28**
DEPT NAT RESOURCE/CONSERVATION				
CENTRALIZED SERVICES	1,013		982	31
WATER RESOURCES & PLANNING	2,365		2,358	7
ENERGY PLANNING	438		435	3
TOTAL AGENCY	**$ 3,816**		**$ 3,775**	**$ 41**

(Continued on next page.)

STATE OF MONTANA

SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - GENERAL FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
DEPARTMENT OF REVENUE				
DIRECTORS OFFICE	$ 610		$ 515	$ 95
CENTRALIZED SERVICES DIVISION	849		848	1
DATA PROCESSING DIVISION	928		914	14
INVESTIGATION AND ENFORCEMENT	557		548	9
INCOME TAX	2,976		2,969	7
CORPORATION TAX	1,186		1,171	15
CORPORATION TAX		500	8	492
PROPERTY VALUATION	10,332		10,112	220
TOTAL AGENCY	**$ 17,438**	**$ 500**	**$ 17,085**	**$ 853**
DEPARTMENT OF ADMINISTRATION				
DIRECTOR'S OFFICE	256		256	0
ACCOUNTING PROGRAM	820		808	12
GENERAL SERVICES PROGRAM	407		270	137
PURCHASING PROGRAM	445		439	6
CENTRALIZED SERVICES DIVISION	418		412	6
STATE PERSONNEL DIVISION	903		903	0
STATE PERSONNEL DIVISION		35	35	0
STATE TAX APPEAL BOARD	574		441	133
BONDS & TANS	2,510		2,497	13
BONDS & TANS		12,982	11,042	1,940
TOTAL AGENCY	**$ 6,333**	**$ 13,017**	**$ 17,103**	**$ 2,247**
DEPARTMENT OF AGRICULTURE				
CENTRALIZED SERVICES DIVISION	234		230	4
ENVIRONMENTAL MANAGEMENT DIV	606		595	11
PLANT INDUSTRY DIVISION	423		396	27
AGRICULTURAL DEVELOPMENT	320		264	56
TOTAL AGENCY	**$ 1,583**		**$ 1,485**	**$ 98**
DEPARTMENT OF INSTITUTIONS				
DIRECTOR	376		375	1
MANAGEMENT SERVICES DIVISION	1,011		869	142
ALCOHOL & DRUG ABUSE DIVISION	215		215	0
CORRECTIONS	3,670		3,547	123
WOMEN'S CORRECTIONAL PROGRAM	783		737	46
CORRECTION'S MEDICAL BUDGET	858		765	93
MENTAL HLTH/RESIDENTIAL SERV	4,109		4,105	4
TOTAL AGENCY	**$ 11,022**		**$ 10,613**	**$ 409**

(Continued on next page.)

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - GENERAL FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
MONTANA DEVELOPMENTAL CENTER				
SERVICE & SUPPORT	$ 11,853		$ 11,805	$ 48
TOTAL AGENCY	**$ 11,853**		**$ 11,805**	**$ 48**
CENTER FOR THE AGED				
RESIDENTIAL SERVICES	2,663		2,616	47
TOTAL AGENCY	**$ 2,663**		**$ 2,616**	**$ 47**
EASTMONT TRAINING CENTER				
CARE & CUSTODY	2,240		2,151	89
TOTAL AGENCY	**$ 2,240**		**$ 2,151**	**$ 89**
MONTANA STATE PRISON				
CARE & CUSTODY	12,598		12,319	279
PRISON INDUSTRIES TRAINING	173		140	33
TOTAL AGENCY	**$ 12,771**		**$ 12,459**	**$ 312**
SWAN RIVER YOUTH FOREST CAMP				
CARE & CUSTODY	832		804	28
TOTAL AGENCY	**$ 832**		**$ 804**	**$ 28**
VETERANS HOME				
CARE & CUSTODY	516		462	54
TOTAL AGENCY	**$ 516**		**$ 462**	**$ 54**
MONTANA STATE HOSPITAL				
TREATMENT SERVICES	19,744		19,284	460
TOTAL AGENCY	**$ 19,744**		**$ 19,284**	**$ 460**

(Continued on next page.)

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - GENERAL FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
BOARD OF PARDONS				
BOARD SERVICES	$ 160		$ 160	0
TOTAL AGENCY	**$ 160**		**$ 160**	**0**
DEPARTMENT OF COMMERCE				
WEIGHT & MEASURES BUREAU	438		414	24
TRANSPORTATION DIVISION	604		599	5
BUSINESS ASSISTANCE DIVISION	637		633	4
COMMUNITY DEVELOPMENT BUREAU	215		215	0
OFFICE OF RES. & INFO SERVICES	242		228	14
LOCAL GOV'T SERVICES - AUDIT		44	44	0
LOCAL GOV'T SERVICES - SYSTEMS	2,286		2,286	0
LOCAL GOV'T SERVICES - SYSTEMS		86	86	0
BUILDING CODES BUREAU	30		29	1
INDIAN AFFAIRS COORDINATOR	85		82	3
INVESTMENTS DIVISION	500		3	497
DIRECTOR/MANAGEMENT SERVICES	91		90	1
TOTAL AGENCY	**$ 5,128**	**$ 130**	**$ 4,709**	**$ 549**
LABOR & IND-EMPLOYMENT SERVS				
EMPLOYMENT RELATIONS	621		602	19
EMPLOYMENT POLICY DIVISION	20		20	0
HUMAN RIGHTS DIVISION	216		216	0
JOB TRAINING PARTNERSHIP ACT	385		236	149
EMPLOYMENT & TRNG - FOOD STAMP	863		781	82
TOTAL AGENCY	**$ 2,105**		**$ 1,855**	**$ 250**
LABOR & IND-WORKERS' COMP				
INSURANCE COMPLIANCE PROGRAM	70		52	18
TOTAL AGENCY	**$ 70**		**$ 52**	**$ 18**
ADJUTANT GENERAL				
ADMINISTRATION PROGRAM	171		163	8
ARMY NATIONAL GUARD PGM	848		830	18
AIR NATIONAL GUARD PGM	119		119	0
DISASTER COORDINATION RESPONSE	222		213	9
VETERANS AFFAIRS PROGRAM	454		449	5
DISASTER FUND	303		38	265

(Continued on next page.)

STATE OF MONTANA

SCHEDULE OF EXPENDITURES AND TRANSFERS OUT

BUDGET AND ACTUAL (BUDGET BASIS) - GENERAL FUND

FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
ADJUTANT GENERAL				
TOTAL AGENCY	**$ 2,117**		**$ 1,812**	**$ 305**
DEPT SOCIAL & REHAB SERVICES				
ASSISTANCE PAYMENT PROGRAM	18,160		17,644	516
ELIGIBILITY DETERMINATION PGM	2,235		2,112	123
ADMINISTRATIVE & SUPPORT SVS	1,214		956	258
STATE ASSUMED COUNTY ADMIN.	905		881	24
MEDICAL ASSISTANCE	46,253		44,552	1,701
AUDIT AND PRO. COMPLIANCE DIV.	587		580	7
VOCATIONAL REHABILITATION PGM	704		556	148
VISUAL SERVICES PRGM	275		272	3
DEVELOPMENTAL DISAB PROGRAM	5,558		5,558	0
TOTAL AGENCY	**$ 75,891**		**$ 73,111**	**$ 2,780**
DEPARTMENT OF FAMILY SERVICES				
MANAGEMENT SUPPORT	1,178		1,146	32
COMMUNITY SERVICES	13,964		13,933	31
COMMUNITY SERVICES		5	5	0
MOUNTAIN VIEW	1,674		1,632	42
PINE HILLS	2,858		2,855	3
TOTAL AGENCY	**$ 19,674**	**$ 5**	**$ 19,571**	**$ 108**
AGENCY PROGRAM TOTALS	$ 279,678	$ 165,098	$ 370,796	$ 73,980
Net Adjustments for Accruals/Rounding	2	-	1,326	1,328
Budget Basis Statement in GPFS	$ 279,680	$ 165,098	$ 369,470*	$ 75,308*
* Expenditures			$ 268,805	$ 10,875
Transfers Out			100,665	64,433
			$ 369,470	$ 75,308

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. A brief description of each Special Revenue Fund follows.

State - This fund accounts for money from State sources that is earmarked for the purpose of defraying particular costs of an agency, program or function.

Federal - This fund accounts for money from federal sources that is used for the operation of State government.

Other Special Revenue Funds:

GSL Program - This fund accounts for resources used to administer federally-insured student loans issued by Montana lending institutions.

Revolving - This fund accounts for resources used to defray reimbursable expenditures.

Assessments - This fund accounts for resources received from miscellaneous assessments charged to private individuals and businesses. The resources are primarily used for wheat, pork and beef research/ marketing and for mitigation resulting from environmental issues with the Colstrip Consortium.

Private Donations - This fund accounts for private donations that are used for the operation of State government.

Interest and Income - This fund accounts for the interest and income from lands granted to State institutions.

STATE OF MONTANA
Combining Balance Sheet
Special Revenue Funds
June 30, 1988
(Expressed in Thousands)

			OTHER SPECIAL REVENUE FUNDS					TOTALS - JUNE 30	
	STATE	FEDERAL	GSL PROGRAM	REVOLVING	ASSESSMENTS	PRIVATE DONATIONS	INTEREST & INCOME	1988	1987
ASSETS:									
Cash/Cash Equivalents	$ 83,163	$ 23,628	$ 198	$ 2,728	$ 711	$ 260	$ 84	$ 110,772	$ 99,366
Cash with Fiscal Agent	624	-	-	-	-	-	-	624	1,074
Receivables (Net)	23,540	2,832	22	758	71	10	59	27,292	21,871
Interfund Loans Receivable	42,253	-	-	-	-	-	-	42,253	12,438
Due from Other Governments	3,348	58,462	994	186	-	1	-	62,991	33,031
Due from Other Funds	31,597	1,321	-	370	-	2	93	33,383	30,589
Inventories	17,807	18	-	176	-	-	-	18,001	17,311
Equity in Pooled Cash/Investments	78,474	15,922	3,363	-	956	44	-	98,759	73,180
Long-Term Notes/Loans Receivable	6,757	1,142	-	-	-	-	-	7,899	9,756
Investments	46,517	395	-	-	1,296	-	-	48,208	51,688
Other Assets	1,281	412	-	15	2	-	-	1,710	1,667
TOTAL ASSETS	$ 335,361	$104,132	$ 4,577	$ 4,233	$ 3,036	$ 317	$ 236	$ 451,892	$ 351,971
LIABILITIES/FUND BALANCES:									
Liabilities:									
Accounts Payable	$ 27,240	$ 25,377	$ 71	$ 421	$ 67	$ 5	$ 2	$ 53,183	$ 47,368
Interfund Loans Payable	3,572	29,958	167	1,912	-	-	-	35,609	22,489
Due to Other Governments	383	1,646	424	-	-	-	-	2,453	2,918
Due to Other Funds	47,795	4,680	10	361	211	37	119	53,213	29,130
Deferred Revenue	11,299	17,687	2,561	71	-	56	-	31,674	16,758
Property Held in Trust	1,963	154	-	-	-	39	-	2,156	1,853
Total Liabilities	92,252	79,502	3,233	2,765	278	137	121	178,288	120,516
Fund Balances:									
Reserved For:									
Encumbrances	11,281	8,588	21	110	-	27	-	20,027	15,676
Inventories	17,807	18	-	176	-	-	-	18,001	17,311
Long-Term Loans	4,838	1,093	-	-	-	-	-	5,931	7,295
Unreserved	209,183	14,931	1,323	1,182	2,758	153	115	229,645	191,173
Total Fund Balances	243,109	24,630	1,344	1,468	2,758	180	115	273,604	231,455
TOTAL LIABILITIES/FUND BALANCES	$ 335,361	$104,132	$ 4,577	$ 4,233	$ 3,036	$ 317	$ 236	$ 451,892	$ 351,971

STATE OF MONTANA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

			OTHER SPECIAL REVENUE FUNDS					TOTALS YEAR ENDED JUNE 30	
	STATE	FEDERAL	GSL PROGRAM	REVOLVING	ASSESSMENTS	PRIVATE DONATIONS	INTEREST & INCOME	1988	1987
REVENUES:									
Licenses/Permits	$ 54,193	$ -	$ -	$ 169	$ -	$ -	$ -	$ 54,362	$ 52,712
Taxes:									
Gas/Oil/Coal Production	29,483	-	-	-	-	-	-	29,483	25,818
Individual Income	76,495	-	-	-	-	-	-	76,495	52,320
Corporate Income	14,528	-	-	-	-	-	-	14,528	11,501
Other	249,457	1,151	-	-	1,301	-	-	251,909	220,264
Charges for Services/Fines/Forfeits	24,387	408	653	8,203	-	-	-	33,651	29,976
Investment Earnings	10,627	1,160	245	-	166	15	-	12,213	5,835
Sale of Documents/Mdse./Property	1,202	-	-	2,023	-	4	-	3,229	2,281
Rentals/Leases/Royalties	187	1	-	55	-	-	-	243	660
Contributions/Premiums	410	-	-	-	-	-	-	410	451
Grants/Contracts/Donations	1,194	1,584	-	296	250	564	-	3,888	2,654
Federal	26,396	397,447	358	848	-	-	-	425,049	413,047
Federal Indirect Cost Recoveries	5	1,387	-	114	-	-	-	1,506	2,746
Other Revenues	646	1,081	104	9	-	85	-	1,925	3,244
Total Revenues	489,210	404,219	1,360	11,717	1,717	668	-	908,891	823,509
Intrafund Revenues	(10,193)	(3,096)	-	-	-	-	-	(13,289)	(10,332)
Net Revenues	479,017	401,123	1,360	11,717	1,717	668	-	895,602	813,177
EXPENDITURES:									
Current:									
General Government	10,981	1,381	-	2,436	266	103	-	15,167	17,291
Public Safety/Corrections	24,339	7,533	-	2,181	46	2	270	34,371	27,481
Transportation	121,587	110,442	-	-	12	254	-	232,295	240,850
Health/Social Services	16,547	204,021	-	6,333	-	13	6	226,920	217,745
Education/Cultural	268,988	8,845	1,292	527	-	257	156	280,065	268,294
Resource Development/Recreation	32,989	12,400	-	152	24	63	-	45,628	37,189
Economic Development/Assistance	17,924	45,251	-	792	1,096	21	-	65,084	72,190
Debt Service:									
Principal Retirement	17	283	-	291	-	-	-	591	155
Interest/Fiscal Charges	495	-	-	503	-	-	-	998	170
Capital Outlay	9,340	5,508	25	101	75	20	-	15,069	15,051
Total Expenditures	503,207	395,664	1,317	13,316	1,519	733	432	916,188	896,416
Intrafund Expenditures	(10,193)	(3,096)	-	-	-	-	-	(13,289)	(10,332)
Net Expenditures	493,014	392,568	1,317	13,316	1,519	733	432	902,899	886,084
Excess of Revenues Over (Under) Expenditures	(13,997)	8,555	43	(1,599)	198	(65)	(432)	(7,297)	(72,907)
OTHER FINANCING SOURCES (USES):									
Bond Proceeds	23,415	-	-	-	-	-	-	23,415	78,378
Inception of Lease/Installment Contract	251	3	-	4	-	-	-	258	3
General Fixed Asset Sale Proceeds	4	-	-	-	-	-	-	4	4
Operating Transfers In	52,182	807	-	891	-	-	417	54,297	87,184
Operating Transfers Out	(30,681)	(2,858)	-	(10)	-	-	-	(33,549)	(43,780)
Total Other Financing Sources (Uses)	45,171	(2,048)	-	885	-	-	417	44,425	121,789
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses	31,174	6,507	43	(714)	198	(65)	(15)	37,128	48,882
FUND BALANCES - JULY 1 -									
As Previously Reported	206,425	19,536	1,301	1,556	2,262	245	130	231,455	180,285
Prior Period Adjustments	2,117	(1,422)	-	-	-	-	-	695	6,662
FUND BALANCES - July 1 - As Restated	208,542	18,114	1,301	1,556	2,262	245	130	232,150	186,947
Increase (Decrease) in Inventories	604	9	-	77	-	-	-	690	(47)
Residual Equity Transfers	2,789	-	-	549	298	-	-	3,636	(4,327)
FUND BALANCES - JUNE 30	$ 243,109	$ 24,630	$ 1,344	$ 1,468	$ 2,758	$ 180	$ 115	$ 273,604	$ 231,455

STATE OF MONTANA

Schedule of Revenues, Expenditures and Other Financing Sources (Uses) -
Budget and Actual with Reconciliation of Expenditures/Other Financing Uses per the
Statewide Budgeting and Accounting System (SBAS) to Budget Basis Statement in the GPFS -
Special Revenue Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	STATE SPECIAL REVENUE FUND			FEDERAL SPECIAL REVENUE FUND		
	BUDGET	ACTUAL	VARIANCE - OVER (UNDER)	BUDGET	ACTUAL	VARIANCE - OVER (UNDER)
REVENUES/OTHER FINANCING SOURCES:						
Licenses/Permits	$ 52,308	$ 54,193	$ 1,885	$ -	$ -	$ -
Taxes:						
Gas/Oil/Coal Production	24,749	29,483	4,734	-	-	-
Individual Income	71,694	76,495	4,801	-	-	-
Corporate Income	14,231	14,528	297	-	-	-
Other Taxes	176,066	165,648	(10,418)	1,147	1,151	4
Charges for Services/Fines/Forfeits	26,856	24,387	(2,469)	492	408	(84)
Investment Earnings	7,613	10,627	3,014	744	1,160	416
Sale of Documents/Merchandise/Property	2,262	1,202	(1,060)	7	-	(7)
Rentals/Leases/Royalties	215	187	(28)	-	1	1
Contributions/Premiums	388	410	22	-	-	-
Grants/Contracts/Donations	3,369	1,194	(2,175)	2,349	1,584	(765)
Federal	15,505	26,396	10,891	417,173	397,447	(19,726)
Federal Indirect Cost Recoveries	2	5	3	2,638	1,387	(1,251)
Other Revenues	1,009	646	(363)	1,646	1,081	(565)
Bond Proceeds	-	23,415	23,415	-	-	-
General Fixed Asset Sale Proceeds	6	4	(2)	-	-	-
Operating Transfers In	150,211	79,851	(70,360)	5,814	2,766	(3,048)
Total Revenues/Other Financing Sources	546,484	508,671	(37,813)	432,010	406,985	(25,025)
EXPENDITURES/OTHER FINANCING USES (pp.75/83/68):						
Appropriated Expenditures	514,574	418,743	95,831	453,987	402,520	51,467
Appropriated Transfers Out	75,240	58,415	16,825	6,384	4,812	1,572
Total Expenditures/Other Financing Uses (SBAS)	589,814	477,158	112,656	460,371	407,332	53,039
Net Adjustments for Rounding/Accruals	1	(2,033)	(2,034)	1	2,004	2,003
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses - Budget Basis	(43,329)	29,480	72,809	(28,360)	1,657	30,017
RECONCILIATION OF BUDGETARY/GAAP REPORTING:						
1. Adjust expenditures for encumbrances.	-	(3,994)	(3,994)	-	2,870	2,870
2. Adjustments for appropriated loans & other nonbudgeted activity.	-	5,688	5,688	-	1,980	1,980
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses - GAAP Basis	(43,329)	31,174	74,503	(28,360)	6,507	34,867
Unreserved Fund Balances - July 1	173,364	173,364	-	12,516	12,516	-
Residual Equity Transfers	2,789	2,789	-	-	-	-
Prior Period Adjustments	-	2,117	2,117	-	(1,422)	(1,422)
Decrease (Increase):						
Encumbrances Reserve	-	(408)	(408)	-	(3,887)	(3,887)
Long-Term Loans Reserve	-	147	147	-	1,217	1,217
Unreserved Fund Balances - June 30	$ 132,824	$ 209,183	$ 76,359	$ (15,844)	$ 14,931	$ 30,775

OTHER SPECIAL REVENUE FUNDS			TOTALS YEAR ENDED JUNE 30		
BUDGET	ACTUAL	VARIANCE - OVER (UNDER)	BUDGET	ACTUAL	VARIANCE - OVER (UNDER)
$ 229	$ 169	$ (60)	$ 52,537	$ 54,362	$ 1,825
-	-	-	24,749	29,483	4,734
-	-	-	71,694	76,495	4,801
-	-	-	14,231	14,528	297
1,387	1,301	(86)	178,600	168,100	(10,500)
9,772	8,856	(916)	37,120	33,651	(3,469)
356	426	70	8,713	12,213	3,500
1,967	2,027	60	4,236	3,229	(1,007)
45	55	10	260	243	(17)
-	-	-	388	410	22
1,668	1,110	(558)	7,386	3,888	(3,498)
1,312	1,206	(106)	433,990	425,049	(8,941)
179	114	(65)	2,819	1,506	(1,313)
18	198	180	2,673	1,925	(748)
-	-	-	-	23,415	23,415
-	-	-	6	4	(2)
3,009	1,308	(1,701)	159,034	83,925	(75,109)
19,942	16,770	(3,172)	998,436	932,426	(66,010)
21,674	17,175	4,499	990,235	838,438	151,797
10	10	-	81,634	63,237	18,397
21,684	17,185	4,499	1,071,869	901,675	170,194
(3)	3	6	(1)	(26)	(25)
(1,745)	(412)	1,333	(73,434)	30,725	104,159
-	56	56	-	(1,068)	(1,068)
-	(197)	(197)	-	7,471	7,471
(1,745)	(553)	1,192	(73,434)	37,128	110,562
5,293	5,293	-	191,173	191,173	-
847	847	-	3,636	3,636	-
-	-	-	-	695	695
-	(56)	(56)	-	(4,351)	(4,351)
-	-	-	-	1,364	1,364
$ 4,395	$ 5,531	$ 1,136	$ 121,375	$ 229,645	$ 108,270

STATE OF MONTANA

Schedule of Revenues, Expenditures and Other Financing Sources (Uses) - Budget and Actual - Other Special Revenue Funds

For the Fiscal Year Ended June 30, 1988

(Expressed in Thousands)

	GSL PROGRAM			REVOLVING		
	BUDGET	ACTUAL	VARIANCE - OVER (UNDER)	BUDGET	ACTUAL	VARIANCE - OVER (UNDER)
REVENUES/OTHER FINANCING SOURCES:						
Licenses/Permits	$ -	$ -	$ -	$ 229	$ 169	$ (60)
Taxes:						
Other Taxes	-	-	-	-	-	-
Charges for Services/Fines/Forfeits	680	653	(27)	9,092	8,203	(889)
Investment Earnings	300	245	(55)	-	-	-
Sale of Documents/Merchandise/Property	-	-	-	1,959	2,023	64
Rentals/Leases/Royalties	-	-	-	45	55	10
Grants/Contracts/Donations	-	-	-	267	296	29
Federal	360	358	(2)	952	848	(104)
Federal Indirect Cost Recoveries	-	-	-	179	114	(65)
Other Revenues	-	104	104	3	9	6
Operating Transfers In	-	-	-	2,529	891	(1,638)
Total Revenues/Other Financing Sources	1,340	1,360	20	15,255	12,608	(2,647)
EXPENDITURES/OTHER FINANCING USES (pp.84/88/89/92/93):						
Appropriated Expenditures	1,179	1,129	50	15,320	13,359	1,961
Appropriated Transfers Out	-	-	-	10	10	-
Total Expenditures/Other Financing Uses (SBAS)	1,179	1,129	50	15,330	13,369	1,961
Net Adjustments for Rounding/Accruals	-	-	-	(2)	2	4
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses - Budget Basis	161	231	70	(77)	(759)	(682)
RECONCILIATION OF BUDGETARY/GAAP REPORTING:						
1. Adjust expenditures for encumbrances.	-	21	21	-	56	56
2. Adjustments for appropriated loans & other nonbudgeted activity.	-	(209)	(209)	-	(11)	(11)
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses - GAAP Basis	161	43	(118)	(77)	(714)	(637)
Unreserved Fund Balances - July 1	1,301	1,301	-	1,403	1,403	-
Residual Equity Transfers	-	-	-	549	549	-
Increase Encumbrances Reserve	-	(21)	(21)	-	(56)	(56)
Unreserved Fund Balances - June 30	$ 1,462	$ 1,323	$ (139)	$ 1,875	$ 1,182	$ (693)

ASSESSMENTS			PRIVATE DONATIONS			INTEREST & INCOME			TOTAL OTHER SPECIAL REVENUE FUNDS YEAR ENDED JUNE 30		
BUDGET	ACTUAL	VARIANCE - OVER (UNDER)	BUDGET	ACTUAL	VARIANCE - OVER (UNDER)	BUDGET	ACTUAL	VARIANCE - OVER (UNDER)	BUDGET	ACTUAL	VARIANCE - OVER (UNDER)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 229	$ 169	$ (60)
1,387	1,301	(86)	-	-	-	-	-	-	1,387	1,301	(86)
-	-	-	-	-	-	-	-	-	9,772	8,856	(916)
41	166	125	11	15	4	4	-	(4)	356	426	70
-	-	-	8	4	(4)	-	-	-	1,967	2,027	60
-	-	-	-	-	-	-	-	-	45	55	10
253	250	(3)	1,148	564	(584)	-	-	-	1,668	1,110	(558)
-	-	-	-	-	-	-	-	-	1,312	1,206	(106)
-	-	-	-	-	-	-	-	-	179	114	(65)
-	-	-	15	85	70	-	-	-	18	198	180
-	-	-	-	-	-	480	417	(63)	3,009	1,308	(1,701)
1,681	1,717	36	1,182	668	(514)	484	417	(67)	19,942	16,770	(3,172)
3,604	1,508	2,096	1,114	746	368	457	433	24	21,674	17,175	4,499
-	-	-	-	-	-	-	-	-	10	10	-
3,604	1,508	2,096	1,114	746	368	457	433	24	21,684	17,185	4,499
(1)	-	1	-	-	-	-	1	1	(3)	3	6
(1,924)	209	2,133	68	(78)	(146)	27	(15)	(42)	(1,745)	(412)	1,333
-	(13)	(13)	-	(8)	(8)	-	-	-	-	56	56
-	2	2	-	21	21	-	-	-	-	(197)	(197)
(1,924)	198	2,122	68	(65)	(133)	27	(15)	(42)	(1,745)	(553)	1,192
2,249	2,249	-	210	210	-	130	130	-	5,293	5,293	-
298	298	-	-	-	-	-	-	-	847	847	-
-	13	13	-	8	8	-	-	-	-	(56)	(56)
$ 623	$ 2,758	$ 2,135	$ 278	$ 153	$ (125)	$ 157	$ 115	$ (42)	$ 4,395	$ 5,531	$ 1,136

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - STATE SPECIAL REVENUE FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
LEGISLATIVE COUNCIL				
INTERIM STUDIES & CONFERENCES	$ 12		$ 4	$ 8
TOTAL AGENCY	**$ 12**		**$ 4**	**$ 8**
ENVIRONMENTAL QUALITY COUNCIL				
WATER POLICY COMMITTEE	101		46	55
TOTAL AGENCY	**$ 101**		**$ 46**	**$ 55**
CONSUMER COUNSEL				
ADMINISTRATION PROGRAM	846		645	201
TOTAL AGENCY	**$ 846**		**$ 645**	**$ 201**
JUDICIARY				
LAW LIBRARY	67		67	0
WATER COURTS SUPERVISION	470		400	70
TOTAL AGENCY	**$ 537**		**$ 467**	**$ 70**
GOVERNORS OFFICE				
EXECUTIVE OFFICE PROGRAM	124		117	7
STATEHOOD CENTENNIAL OFFICE	1,738		223	1,515
TOTAL AGENCY	**$ 1,862**		**$ 340**	**$ 1,522**
SECRETARY OF STATES OFFICE				
RECORDS MANAGEMENT PROGRAM	384		377	7
TOTAL AGENCY	**$ 384**		**$ 377**	**$ 7**
STATE AUDITORS OFFICE				
INSURANCE	839		727	112
INSURANCE		425	425	0
SECURITIES	287		281	6
SECURITIES		1,730	1,730	0
LOCAL ASSISTANCE DISTRIBUTIONS	5,800		0	5,800

(Continued on next page.)

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - STATE SPECIAL REVENUE FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
STATE AUDITORS OFFICE				
PENSION ADJ RETIRED FIREMEN	970		18	952
TOTAL AGENCY	**$ 7,896**	**$ 2,155**	**$ 3,181**	**$ 6,870**
OFFICE OF PUBLIC INSTRUCTION				
BASIC SKILLS	97		96	1
BASIC SKILLS		16	16	0
DISTRIBUTION TO PUBLIC SCHOOLS	183,294		183,276	18
TOTAL AGENCY	**$ 183,391**	**$ 16**	**$ 183,388**	**$ 19**
CRIME CONTROL DIVISION				
BOARD OF CRIME CONTROL	483		281	202
TOTAL AGENCY	**$ 483**		**$ 281**	**$ 202**
HIGHWAY TRAFFIC SAFETY				
HIGHWAY TRAFFIC SAFETY DIV	72		66	6
TOTAL AGENCY	**$ 72**		**$ 66**	**$ 6**
DEPARTMENT OF JUSTICE				
LEGAL SERVICES DIVISION	22		22	0
DRIVER SERVICES BUREAU	362		356	6
HIGHWAY PATROL DIVISION	9,654		9,628	26
REGISTRAR'S BUREAU	1,994		1,962	32
LAW ENFORCEMENT ACADEMY DIV	855		849	6
SPECIAL INVESTIGATION SECTION	146		113	33
CENTRAL SERVICES DIVISION	34		26	8
DATA PROCESSING DIVISION	704		689	15
FORENSIC SCIENCE DIVISION	816		756	60
TOTAL AGENCY	**$ 14,587**		**$ 14,401**	**$ 186**
BOARD OF PUBLIC EDUCATION				
ADVISORY COUNCIL	57		41	16
TOTAL AGENCY	**$ 57**		**$ 41**	**$ 16**

(Continued on next page.)

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - STATE SPECIAL REVENUE FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
COMMISSIONER OF HIGHER ED				
STUDENT ASSISTANCE PROGRAM	$ 683		$ 683	0
VO-TECH APPROP. DISTRIB.		1,006	1,006	0
APPROPRIATION DISTRIBUTION		12,956	12,943	13
TOTAL AGENCY	**$ 683**	**$ 13,962**	**$ 14,632**	**$ 13**
MONTANA ARTS COUNCIL				
PROMOTION OF THE ARTS	1,379		461	918
TOTAL AGENCY	**$ 1,379**		**$ 461**	**$ 918**
LIBRARY COMMISSION				
STATE LIBRARY OPERATIONS	299		299	0
NATURAL RESOURCES/HERITAGE	643		300	343
TOTAL AGENCY	**$ 942**		**$ 599**	**$ 343**
HISTORICAL SOCIETY				
ADMINISTRATION PROGRAM	87		14	73
LIBRARY PROGRAM	95		45	50
TOTAL AGENCY	**$ 182**		**$ 59**	**$ 123**
DEPT OF FISH, WILDLIFE & PARKS				
MANAGEMENT SERVICES DIVISION	982		885	97
MANAGEMENT SERVICES DIVISION		118	118	0
FIELD SERVICES DIVISION	2,240		2,169	71
FISHERIES DIVISION	2,839		2,765	74
LAW ENFORCEMENT DIVISION	3,924		3,875	49
WILDLIFE DIVISION	7,199		2,411	4,788
RECREATION & PARKS DIVISION	2,865		2,721	144
CAPITAL OUTLAY	2,474		372	2,102
CAPITAL OUTLAY		1,014	1,013	1
CONSERVATION EDUCATION DIV	1,109		1,098	11
ADMINISTRATION	1,362		1,303	59
TOTAL AGENCY	**$ 24,994**	**$ 1,132**	**$ 18,730**	**$ 7,396**

(Continued on next page.)

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - STATE SPECIAL REVENUE FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
DEPT HEALTH & ENVIRON SCIENCES				
DIRECTOR'S OFFICE	$ 500		$ 23	$ 477
CENTRAL SERVICES	741		618	123
ENVIRONMENTAL SCIENCES	546		311	235
SOLID/HAZARDOUS WASTE	1,904		1,174	730
WATER QUALITY	379		183	196
HEALTH SERVICES/MEDICAL FAC	110		0	110
TOTAL AGENCY	**$ 4,180**		**$ 2,309**	**$ 1,871**
DEPARTMENT OF HIGHWAYS				
GENERAL OPERATIONS PROGRAM	19,383		19,130	253
CONSTRUCTION PROGRAM	66,743		46,739	20,004
MAINTENANCE PROGRAM	41,041		40,995	46
PRECONSTRUCTION PROGRAM	5,732		4,108	1,624
EQUIPMENT PROGRAM		1,931	1,931	0
INTERFUND TRANSFERS PROGRAM		25,661	20,924	4,737
STORES INVENTORY	13,202		12,244	958
G.V.W.	3,497		3,393	104
TOTAL AGENCY	**$ 149,598**	**$ 27,592**	**$ 149,464**	**$ 27,726**
DEPARTMENT OF STATE LANDS				
CENTRAL MANAGEMENT PROGRAM	199		188	11
RECLAMATION PROGRAM	1,233		734	499
RESOURCE DEVELOPMENT PGM	273		235	38
FORESTRY	1,246		1,135	111
TOTAL AGENCY	**$ 2,951**		**$ 2,292**	**$ 659**
DEPARTMENT OF LIVESTOCK				
CENTRALIZED SERVICES PROGRAM	361		360	1
DIAGNOSTIC LABORATORY PROGRAM	405		405	0
DISEASE CONTROL PROGRAM	475		425	50
INSPECTION & CONTROL PROGRAM	1,937		1,913	24
PREDATORY ANIMAL CONTROL PGM	235		232	3
RABIES CONTROL	15		15	0
TOTAL AGENCY	**$ 3,428**		**$ 3,350**	**$ 78**
DEPT NAT RESOURCE/CONSERVATION				
CENTRALIZED SERVICES	351		346	5

(Continued on next page.)

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - STATE SPECIAL REVENUE FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
DEPT NAT RESOURCE/CONSERVATION				
OIL & GAS REGULATION	$ 1,003		$ 791	$ 212
CONSERVATION DISTRICTS	1,038		583	455
WATER RESOURCES & PLANNING	34,976		11,609	23,367
WATER RESOURCES & PLANNING		3,891	3,799	92
ENERGY PLANNING	1,275		351	924
TOTAL AGENCY	**$ 38,643**	**$ 3,891**	**$ 17,479**	**$ 25,055**
DEPARTMENT OF REVENUE				
DIRECTORS OFFICE	107		87	20
CENTRALIZED SERVICES DIVISION	2,515		2,338	177
CENTRALIZED SERVICES DIVISION		13,570	2,775	10,795
INVESTIGATION AND ENFORCEMENT	231		231	0
INCOME TAX	168		144	24
INCOME TAX		120	0	120
CORPORATION TAX	5,557		4,035	1,522
MOTOR FUEL TAX	710		701	9
TOTAL AGENCY	**$ 9,288**	**$ 13,690**	**$ 10,311**	**$ 12,667**
DEPARTMENT OF ADMINISTRATION				
INFORMATION SERVICES DIVISION	1,008		217	791
INFORMATION SERVICES DIVISION		88	75	13
TORT CLAIMS DIVISION	500		229	271
WORKERS COMPENSATION JUDGE	306		296	10
BONDS & TANS	1,592		151	1,441
BONDS & TANS		473	472	1
TOTAL AGENCY	**$ 3,406**	**$ 561**	**$ 1,440**	**$ 2,527**
LONG RANGE BUILDING PLAN				
DEPARTMENTS & AGENCIES	7,573		2,513	5,060
TOTAL AGENCY	**$ 7,573**		**$ 2,513**	**$ 5,060**
DEPARTMENT OF AGRICULTURE				
CENTRALIZED SERVICES DIVISION	102		89	13
ENVIRONMENTAL MANAGEMENT DIV	183		126	57
PLANT INDUSTRY DIVISION	510		436	74
AGRICULTURAL DEVELOPMENT	755		532	223

(Continued on next page.)

STATE OF MONTANA

SCHEDULE OF EXPENDITURES AND TRANSFERS OUT

BUDGET AND ACTUAL (BUDGET BASIS) - STATE SPECIAL REVENUE FUND

FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
DEPARTMENT OF AGRICULTURE				
TOTAL AGENCY	**$ 1,550**		**$ 1,183**	**$ 367**
DEPARTMENT OF INSTITUTIONS				
MANAGEMENT SERVICES DIVISION	4		0	4
ALCOHOL & DRUG ABUSE DIVISION	1,771		1,591	180
TOTAL AGENCY	**$ 1,775**		**$ 1,591**	**$ 184**
MONTANA STATE PRISON				
CARE & CUSTODY	51		46	5
LICENSE PLATE FACTORY	484		449	35
TOTAL AGENCY	**$ 535**		**$ 495**	**$ 40**
SWAN RIVER YOUTH FOREST CAMP				
CARE & CUSTODY	28		26	2
TOTAL AGENCY	**$ 28**		**$ 26**	**$ 2**
MONTANA STATE HOSPITAL				
TREATMENT SERVICES	1,596		1,596	0
TOTAL AGENCY	**$ 1,596**		**$ 1,596**	**0**
DEPARTMENT OF COMMERCE				
BUSINESS LICENSING/REGULATION	92		13	79
FINANCIAL DIVISION	835		766	69
MILK CONTROL BUREAU	282		263	19
POL BUREAU	1,851		1,493	358
AERONAUTICS DIVISION	1,016		825	191
AERONAUTICS DIVISION		10	4	6
TRANSPORTATION DIVISION	71		71	0
BUSINESS ASSISTANCE DIVISION	654		273	381
MONTANA PROMOTION DIVISION	4,364		3,601	763
COMMUNITY DEVELOPMENT BUREAU	13,482		2,014	11,468
LOCAL GOV'T SERVICES - SYSTEMS	322		322	0
BUILDING CODES BUREAU	164		161	3
MT SCIENCE & TECH ALLIANCE	3,345		1,705	1,640
VIDEO GAMNING CONTROL BUREAU	7,603		5,761	1,842

(Continued on next page.)

STATE OF MONTANA

SCHEDULE OF EXPENDITURES AND TRANSFERS OUT

BUDGET AND ACTUAL (BUDGET BASIS) - STATE SPECIAL REVENUE FUND

FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
DEPARTMENT OF COMMERCE				
BOARD OF HORSE RACING	240		211	29
TOTAL AGENCY	**$ 34,321**	**$ 10**	**$ 17,483**	**$ 16,848**
LABOR & IND-EMPLOYMENT SERVS				
JOB SERVICE DIVISION	67		58	9
EMPLOYMENT RELATIONS	239		118	121
TOTAL AGENCY	**$ 306**		**$ 176**	**$ 130**
LABOR & IND-WORKERS' COMP				
ADMINISTRATION PROGRAM	1,743		1,678	65
ADMINISTRATION PROGRAM		12,231	11,184	1,047
STATE INSURANCE FUND	4,291		4,162	129
INSURANCE COMPLIANCE PROGRAM	1,842		1,793	49
SAFETY AND HEALTH PROGRAM	776		765	11
TOTAL AGENCY	**$ 8,652**	**$ 12,231**	**$ 19,582**	**$ 1,301**
DEPT SOCIAL & REHAB SERVICES				
MEDICAL ASSISTANCE	7,168		7,168	0
VOCATIONAL REHABILITATION PGM	1,049		907	142
TOTAL AGENCY	**$ 8,217**		**$ 8,075**	**$ 142**
DEPARTMENT OF FAMILY SERVICES				
COMMUNITY SERVICES	89		45	44
PINE HILLS	30		30	0
TOTAL AGENCY	**$ 119**		**$ 75**	**$ 44**
AGENCY PROGRAM TOTALS	$ 514,574	$ 75,240	$ 477,158	$ 112,656

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - FEDERAL SPECIAL REVENUE FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
JUDICIARY				
SUPREME COURT OPERATIONS	$ 14		$ 7	$ 7
TOTAL AGENCY	**$ 14**		**$ 7**	**$ 7**
GOVERNORS OFFICE				
EXECUTIVE OFFICE PROGRAM	169		23	146
NORTHWEST REGIONAL POWER ACT	317		304	13
MENTAL DIS BD VISITORS	66		46	20
TOTAL AGENCY	**$ 552**		**$ 373**	**$ 179**
STATE AUDITORS OFFICE				
FOREST RES & FPGA TO COUNTIES	6,800		6,553	247
TOTAL AGENCY	**$ 6,800**		**$ 6,553**	**$ 247**
OFFICE OF PUBLIC INSTRUCTION				
BASIC SKILLS	167		166	1
BASIC SKILLS		11	8	3
VOCATIONAL EDUCATION	228		227	1
VOCATIONAL EDUCATION		47	46	1
ADMINISTRATIVE SERVICES	516		516	0
ADMINISTRATIVE SERVICES		102	82	20
SPECIAL SERVICES	1,106		1,102	4
SPECIAL SERVICES		223	173	50
DISTRIBUTION TO PUBLIC SCHOOLS	4,479		3,625	854
DISTRIBUTION TO PUBLIC SCHOOLS		1,200	901	299
TOTAL AGENCY	**$ 6,496**	**$ 1.583**	**$ 6,846**	**$ 1,233**
CRIME CONTROL DIVISION				
BOARD OF CRIME CONTROL	2,573		1,833	740
BOARD OF CRIME CONTROL ACTION	48		47	1
TOTAL AGENCY	**$ 2,621**		**$ 1,880**	**$ 741**
HIGHWAY TRAFFIC SAFETY				
HIGHWAY TRAFFIC SAFETY DIV	1,106		1,104	2

(Continued on next page.)

STATE OF MONTANA

SCHEDULE OF EXPENDITURES AND TRANSFERS OUT

BUDGET AND ACTUAL (BUDGET BASIS) - FEDERAL SPECIAL REVENUE FUND

FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
HIGHWAY TRAFFIC SAFETY				
TOTAL AGENCY	**$ 1,106**		**$ 1,104**	**$ 2**
DEPARTMENT OF JUSTICE				
DRIVER SERVICES BUREAU	313		188	125
HIGHWAY PATROL DIVISION	644		541	103
REGISTRAR'S BUREAU	26		24	2
LAW ENFORCEMENT ACADEMY DIV	11		5	6
FIRE MARSHAL BUREAU	13		7	6
CRIMINAL INVESTIGATION BUREAU	57		0	57
SPECIAL INVESTIGATION SECTION	351		279	72
CENTRAL SERVICES DIVISION	2		0	2
FORENSIC SCIENCE DIVISION	1		1	0
TOTAL AGENCY	**$ 1,418**		**$ 1,045**	**$ 373**
PUBLIC SERVICE REGULATION				
PUBLIC SERVICE REGULATION PROG	33		28	5
TOTAL AGENCY	**$ 33**		**$ 28**	**$ 5**
BOARD OF PUBLIC EDUCATION				
ADMINISTRATION	15		5	10
TOTAL AGENCY	**$ 15**		**$ 5**	**$ 10**
COMMISSIONER OF HIGHER ED				
STUDENT ASSISTANCE PROGRAM	260		255	5
ED. FOR ECON. SECURITY GRANT	127		116	11
TALENT SEARCH	174		169	5
VO-TECH APPROP. DISTRIB.		807	800	7
VO-TECH ADMIN.	1,578		1,400	178
VO-TECH ADMIN.		900	867	33
TOTAL AGENCY	**$ 2,139**	**$ 1,707**	**$ 3,607**	**$ 239**
SCHOOL FOR THE DEAF & BLIND				
STUDENT SERVICES	38		38	0
EDUCATION	189		189	0

(Continued on next page.)

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - FEDERAL SPECIAL REVENUE FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
SCHOOL FOR THE DEAF & BLIND				
TOTAL AGENCY	**$ 227**		**$ 227**	**0**
MONTANA ARTS COUNCIL				
PROMOTION OF THE ARTS	384		384	0
TOTAL AGENCY	**$ 384**		**$ 384**	**0**
LIBRARY COMMISSION				
STATE LIBRARY OPERATIONS	711		584	127
NATURAL RESOURCES/HERITAGE	35		7	28
TOTAL AGENCY	**$ 746**		**$ 591**	**$ 155**
MONTANA COUNCIL ON VOCATIONAL				
ADMINISTRATION PROGRAM	120		109	11
TOTAL AGENCY	**$ 120**		**$ 109**	**$ 11**
HISTORICAL SOCIETY				
ADMINISTRATION PROGRAM	40		40	0
LIBRARY PROGRAM	4		3	1
MUSEUM PROGRAM	4		4	0
HISTORICAL SITES PRESERVATION	764		229	535
TOTAL AGENCY	**$ 812**		**$ 276**	**$ 536**
FIRE SERVICES TRAINING SCHOOL				
FIRE SERVICES TRAINING SCHOOL	9		9	0
TOTAL AGENCY	**$ 9**		**$ 9**	**0**
DEPT OF FISH, WILDLIFE & PARKS				
MANAGEMENT SERVICES DIVISION	353		291	62
FIELD SERVICES DIVISION	173		164	9
FISHERIES DIVISION	2,186		2,022	164
LAW ENFORCEMENT DIVISION	228		220	8
WILDLIFE DIVISION	3,177		2,582	595

(Continued on next page.)

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - FEDERAL SPECIAL REVENUE FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
DEPT OF FISH, WILDLIFE & PARKS				
RECREATION & PARKS DIVISION	$ 445		$ 189	$ 256
CAPITAL OUTLAY	1,514		14	1,500
CAPITAL OUTLAY		803	803	0
CONSERVATION EDUCATION DIV	140		123	17
ADMINISTRATION	359		341	18
TOTAL AGENCY	**$ 8,575**	**$ 803**	**$ 6,749**	**$ 2,629**
DEPT HEALTH & ENVIRON SCIENCES				
DIRECTOR'S OFFICE	145		111	34
CENTRAL SERVICES	624		527	97
ENVIRONMENTAL SCIENCES	883		774	109
SOLID/HAZARDOUS WASTE	6,779		4,405	2,374
WATER QUALITY	2,092		1,653	439
HEALTH SERVICES/MEDICAL FAC	202		197	5
FAMILY/MCH BUREAU	12,592		12,277	315
PREVENTIVE HEALTH BUREAU	1,368		811	557
LICENSING AND CERTIFICATION	637		637	0
TOTAL AGENCY	**$ 25,322**		**$ 21,392**	**$ 3,930**
DEPARTMENT OF HIGHWAYS				
GENERAL OPERATIONS PROGRAM	1,707		1,592	115
CONSTRUCTION PROGRAM	102,141		96,711	5,430
MAINTENANCE PROGRAM	211		0	211
PRECONSTRUCTION PROGRAM	13,839		9,316	4,523
TOTAL AGENCY	**$ 117,898**		**$ 107,619**	**$ 10,279**
DEPARTMENT OF STATE LANDS				
CENTRAL MANAGEMENT PROGRAM	89		88	1
RECLAMATION PROGRAM	7,022		5,284	1,738
FORESTRY	1,724		1,697	27
TOTAL AGENCY	**$ 8,835**		**$ 7,069**	**$ 1,766**
DEPARTMENT OF LIVESTOCK				
MILK & EGG PROGRAM	20		20	0
MEAT INSPECTION PROGRAM	139		6	133
TOTAL AGENCY	**$ 159**		**$ 26**	**$ 133**

(Continued on next page.)

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - FEDERAL SPECIAL REVENUE FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
DEPT NAT RESOURCE/CONSERVATION				
CENTRALIZED SERVICES	$ 16		$ 16	0
CONSERVATION DISTRICTS	537		92	445
WATER RESOURCES & PLANNING	4,383		322	4,061
ENERGY PLANNING	4,923		1,148	3,775
ENERGY PLANNING		2,291	1,132	1,159
TOTAL AGENCY	**$ 9,859**	**$ 2,291**	**$ 2,710**	**$ 9,440**
DEPARTMENT OF REVENUE				
CENTRALIZED SERVICES DIVISION	7		7	0
INVESTIGATION AND ENFORCEMENT	1,392		1,226	166
CORPORATION TAX	122		88	34
TOTAL AGENCY	**$ 1,521**		**$ 1,321**	**$ 200**
LONG RANGE BUILDING PLAN				
DEPARTMENTS & AGENCIES	2,392		709	1,683
TOTAL AGENCY	**$ 2,392**		**$ 709**	**$ 1,683**
DEPARTMENT OF AGRICULTURE				
CENTRALIZED SERVICES DIVISION	13		13	0
ENVIRONMENTAL MANAGEMENT DIV	250		232	18
PLANT INDUSTRY DIVISION	31		6	25
AGRICULTURAL DEVELOPMENT	65		14	51
TOTAL AGENCY	**$ 359**		**$ 265**	**$ 94**
DEPARTMENT OF INSTITUTIONS				
MANAGEMENT SERVICES DIVISION	8		0	8
ALCOHOL & DRUG ABUSE DIVISION	1,444		1,439	5
CORRECTIONS	253		136	117
MENTAL HLTH/RESIDENTIAL SERV	1,360		1,273	87
TOTAL AGENCY	**$ 3,065**		**$ 2,848**	**$ 217**
MONTANA DEVELOPMENTAL CENTER				
SERVICE & SUPPORT	43		25	18

(Continued on next page.)

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - FEDERAL SPECIAL REVENUE FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
MONTANA DEVELOPMENTAL CENTER				
TOTAL AGENCY	**$ 43**		**$ 25**	**$ 18**
MONTANA STATE PRISON				
CARE & CUSTODY	281		172	109
PRISON INDUSTRIES TRAINING	54		53	1
TOTAL AGENCY	**$ 335**		**$ 225**	**$ 110**
SWAN RIVER YOUTH FOREST CAMP				
CARE & CUSTODY	55		42	13
TOTAL AGENCY	**$ 55**		**$ 42**	**$ 13**
VETERANS HOME				
CARE & CUSTODY	680		678	2
TOTAL AGENCY	**$ 680**		**$ 678**	**$ 2**
MONTANA STATE HOSPITAL				
TREATMENT SERVICES	10		6	4
TOTAL AGENCY	**$ 10**		**$ 6**	**$ 4**
DEPARTMENT OF COMMERCE				
AERONAUTICS DIVISION	205		205	0
TRANSPORTATION DIVISION	5,517		2,285	3,232
BUSINESS ASSISTANCE DIVISION	521		48	473
HOUSING ASSISTANCE BUREAU	10,033		9,585	448
COMMUNITY DEVELOPMENT BUREAU	5,448		4,729	719
OFFICE OF RES. & INFO SERVICES	40		32	8
TOTAL AGENCY	**$ 21,764**		**$ 16,884**	**$ 4,880**
LABOR & IND-EMPLOYMENT SERVS				
JOB SERVICE DIVISION	11,346		10,835	511
UNEMPLOYMENT INSURANCE	3,513		3,039	474
EMPLOYMENT RELATIONS	258		258	0

(Continued on next page.)

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - FEDERAL SPECIAL REVENUE FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
LABOR & IND-EMPLOYMENT SERVS				
EMPLOYMENT POLICY DIVISION	$ 2,195		$ 1,941	$ 254
HUMAN RIGHTS DIVISION	195		133	62
JOB TRAINING PARTNERSHIP ACT	9,020		7,801	1,219
EMPLOYMENT & TRNG - FOOD STAMP	842		792	50
TOTAL AGENCY	**$ 27,369**		**$ 24,799**	**$ 2,570**
LABOR & IND-WORKERS' COMP				
ADMINISTRATION PROGRAM	33		29	4
SAFETY AND HEALTH PROGRAM	91		91	0
TOTAL AGENCY	**$ 124**		**$ 120**	**$ 4**
ADJUTANT GENERAL				
ADMINISTRATION PROGRAM	10		10	0
ARMY NATIONAL GUARD PGM	888		834	54
AIR NATIONAL GUARD PGM	1,205		1,118	87
DISASTER COORDINATION RESPONSE	243		223	20
EMERGENCY MGMT DEVELOPMENT	266		244	22
LOCAL REIMBURSEMENT-DES	2,000		556	1,444
VETERANS AFFAIRS PROGRAM	30		1	29
TOTAL AGENCY	**$ 4,642**		**$ 2,986**	**$ 1,656**
DEPT SOCIAL & REHAB SERVICES				
ASSISTANCE PAYMENT PROGRAM	51,082		44,803	6,279
ELIGIBILITY DETERMINATION PGM	4,221		4,141	80
ADMINISTRATIVE & SUPPORT SVS	1,670		1,638	32
STATE ASSUMED COUNTY ADMIN.	473		465	8
MEDICAL ASSISTANCE	106,037		103,865	2,172
AUDIT AND PRO. COMPLIANCE DIV.	698		696	2
VOCATIONAL REHABILITATION PGM	5,985		5,734	251
DISABILITY DETERMINATION PGM	2,385		2,367	18
VISUAL SERVICES PRGM	927		911	16
DEVELOPMENTAL DISAB PROGRAM	14,427		13,838	589
DEVELOPE DISAB ADVIS COUNCIL	405		391	14
TOTAL AGENCY	**$ 188,310**		**$ 178,849**	**$ 9,461**
DEPARTMENT OF FAMILY SERVICES				
MANAGEMENT SUPPORT	541		521	20

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STATE OF MONTANA

SCHEDULE OF EXPENDITURES AND TRANSFERS OUT

BUDGET AND ACTUAL (BUDGET BASIS) - FEDERAL SPECIAL REVENUE FUND

FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
DEPARTMENT OF FAMILY SERVICES				
COMMUNITY SERVICES	$ 8,241		$ 8,066	$ 175
MOUNTAIN VIEW	115		115	0
PINE HILLS	281		264	17
TOTAL AGENCY	**$ 9,178**		**$ 8,966**	**$ 212**
AGENCY PROGRAM TOTALS	$ 453,987	$ 6,384	$ 407,332	$ 53,039

STATE OF MONTANA

SCHEDULE OF EXPENDITURES AND TRANSFERS OUT

BUDGET AND ACTUAL (BUDGET BASIS) - GSL PROGRAM FUND

FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
COMMISSIONER OF HIGHER ED				
GUARANTEED STUDENT LOAN PGM	$ 1,179		$ 1,129	$ 50
TOTAL AGENCY	**$ 1,179**		**$ 1,129**	**$ 50**

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - REVOLVING FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
LEGISLATIVE AUDITOR				
AUDIT & EXAMINATION PROGRAM	$ 1,011		$ 952	$ 59
TOTAL AGENCY	**$ 1,011**		**$ 952**	**$ 59**
LEGISLATIVE COUNCIL				
MONTANA CODE ANNOTATED	775		412	363
TOTAL AGENCY	**$ 775**		**$ 412**	**$ 363**
SECRETARY OF STATES OFFICE				
ADMINISTRATIVE CODE PROGRAM	194		191	3
TOTAL AGENCY	**$ 194**		**$ 191**	**$ 3**
COMMISSIONER OF POLITICAL PRAC				
ADMINISTRATION	1		1	0
TOTAL AGENCY	**$ 1**		**$ 1**	**0**
STATE AUDITORS OFFICE				
AUDIT DIVISION	441		433	8
TOTAL AGENCY	**$ 441**		**$ 433**	**$ 8**
OFFICE OF PUBLIC INSTRUCTION				
CHIEF STATE SCHOOL OFFICER	27		26	1
BASIC SKILLS	185		131	54
BASIC SKILLS		10	10	0
ADMINISTRATIVE SERVICES	416		350	66
TOTAL AGENCY	**$ 628**	**$ 10**	**$ 517**	**$ 121**
DEPARTMENT OF JUSTICE				
DRIVER SERVICES BUREAU	76		73	3
CRIMINAL INVESTIGATION BUREAU	92		30	62
SPECIAL INVESTIGATION SECTION	299		297	2
DATA PROCESSING DIVISION	188		188	0

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STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - REVOLVING FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
DEPARTMENT OF JUSTICE				
TOTAL AGENCY	**$ 655**		**$ 588**	**$ 67**
LIBRARY COMMISSION				
STATE LIBRARY OPERATIONS	3		1	2
TOTAL AGENCY	**$ 3**		**$ 1**	**$ 2**
HISTORICAL SOCIETY				
LIBRARY PROGRAM	30		19	11
MUSEUM PROGRAM	3		3	0
TOTAL AGENCY	**$ 33**		**$ 22**	**$ 11**
BOARD OF REGENTS				
VO-TECH BOND PAYMENTS	1,455		793	662
TOTAL AGENCY	**$ 1,455**		**$ 793**	**$ 662**
DEPT HEALTH & ENVIRON SCIENCES				
DIRECTOR'S OFFICE	15		14	1
CENTRAL SERVICES	42		42	0
HEALTH SERVICES/MEDICAL FAC	47		22	25
PREVENTIVE HEALTH BUREAU	49		49	0
TOTAL AGENCY	**$ 153**		**$ 127**	**$ 26**
DEPT NAT RESOURCE/CONSERVATION				
CENTRALIZED SERVICES	200		159	41
TOTAL AGENCY	**$ 200**		**$ 159**	**$ 41**
DEPARTMENT OF ADMINISTRATION				
ARCH & ENGINEERING PGM	560		531	29
TOTAL AGENCY	**$ 560**		**$ 531**	**$ 29**

(Continued on next page.)

STATE OF MONTANA

SCHEDULE OF EXPENDITURES AND TRANSFERS OUT

BUDGET AND ACTUAL (BUDGET BASIS) - REVOLVING FUND

FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
LONG RANGE BUILDING PLAN				
INSTITUTIONS	$ 200		0	$ 200
TOTAL AGENCY	**$ 200**		**0**	**$ 200**
DEPARTMENT OF INSTITUTIONS				
MANAGEMENT SERVICES DIVISION	0		0	0
TOTAL AGENCY			**0**	**0**
CENTER FOR THE AGED				
RESIDENTIAL SERVICES	7		5	2
TOTAL AGENCY	**$ 7**		**$ 5**	**$ 2**
MONTANA STATE PRISON				
PRISON CANTEEN	632		627	5
TOTAL AGENCY	**$ 632**		**$ 627**	**$ 5**
SWAN RIVER YOUTH FOREST CAMP				
CARE & CUSTODY	58		52	6
TOTAL AGENCY	**$ 58**		**$ 52**	**$ 6**
VETERANS HOME				
CARE & CUSTODY	998		986	12
TOTAL AGENCY	**$ 998**		**$ 986**	**$ 12**
MONTANA STATE HOSPITAL				
TREATMENT SERVICES	136		136	0
TOTAL AGENCY	**$ 136**		**$ 136**	**0**

(Continued on next page.)

STATE OF MONTANA

SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - REVOLVING FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
DEPARTMENT OF COMMERCE				
BUILDING CODES BUREAU	$ 1,006		$ 925	$ 81
TOTAL AGENCY	**$ 1,006**		**$ 925**	**$ 81**
LABOR & IND-EMPLOYMENT SERVS				
EMPLOYMENT RELATIONS	839		802	37
TOTAL AGENCY	**$ 839**		**$ 802**	**$ 37**
DEPT SOCIAL & REHAB SERVICES				
ASSISTANCE PAYMENT PROGRAM	776		770	6
ELIGIBILITY DETERMINATION PGM	2,203		2,085	118
ADMINISTRATIVE & SUPPORT SVS	272		251	21
TOTAL AGENCY	**$ 3,251**		**$ 3,106**	**$ 145**
DEPARTMENT OF FAMILY SERVICES				
MANAGEMENT SUPPORT	244		244	0
COMMUNITY SERVICES	1,802		1,739	63
MOUNTAIN VIEW	13		2	11
PINE HILLS	25		18	7
TOTAL AGENCY	**$ 2,084**		**$ 2,003**	**$ 81**
AGENCY PROGRAM TOTALS	$ 15,320	$ 10	$ 13,369	$ 1,961

STATE OF MONTANA

SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - ASSESSMENTS FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
DEPARTMENT OF JUSTICE				
REGISTRAR'S BUREAU	$ 60		$ 46	$ 14
TOTAL AGENCY	**$ 60**		**$ 46**	**$ 14**
DEPARTMENT OF LIVESTOCK				
BEEF/PORK RESEARCH & MARKETING	75		27	48
TOTAL AGENCY	**$ 75**		**$ 27**	**$ 48**
DEPT NAT RESOURCE/CONSERVATION				
ENERGY PLANNING	1,690		83	1,607
TOTAL AGENCY	**$ 1,690**		**$ 83**	**$ 1,607**
DEPARTMENT OF REVENUE				
DATA PROCESSING DIVISION	88		88	0
PROPERTY VALUATION	178		178	0
TOTAL AGENCY	**$ 266**		**$ 266**	**0**
DEPARTMENT OF AGRICULTURE				
CENTRALIZED SERVICES DIVISION	31		31	0
PLANT INDUSTRY DIVISION	1		1	0
AGRICULTURAL DEVELOPMENT	1,409		1,002	407
TOTAL AGENCY	**$ 1,441**		**$ 1,034**	**$ 407**
DEPARTMENT OF COMMERCE				
TRANSPORTATION DIVISION	12		12	0
BUSINESS ASSISTANCE DIVISION	60		40	20
TOTAL AGENCY	**$ 72**		**$ 52**	**$ 20**
AGENCY PROGRAM TOTALS	$ 3,604	$ -	$ 1,508	$ 2,096

STATE OF MONTANA

SCHEDULE OF EXPENDITURES AND TRANSFERS OUT

BUDGET AND ACTUAL (BUDGET BASIS) - PRIVATE DONATIONS FUND

FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
LEGISLATIVE COUNCIL				
INTERIM STUDIES & CONFERENCES	$ 35		$ 9	$ 26
TOTAL AGENCY	**$ 35**		**$ 9**	**$ 26**
JUDICIARY				
LAW LIBRARY	91		61	30
TOTAL AGENCY	**$ 91**		**$ 61**	**$ 30**
GOVERNORS OFFICE				
EXECUTIVE OFFICE PROGRAM	83		57	26
TOTAL AGENCY	**$ 83**		**$ 57**	**$ 26**
SCHOOL FOR THE DEAF & BLIND				
EDUCATION	3		2	1
TOTAL AGENCY	**$ 3**		**$ 2**	**$ 1**
MONTANA ARTS COUNCIL				
PROMOTION OF THE ARTS	69		33	36
TOTAL AGENCY	**$ 69**		**$ 33**	**$ 36**
LIBRARY COMMISSION				
STATE LIBRARY OPERATIONS	49		39	10
TOTAL AGENCY	**$ 49**		**$ 39**	**$ 10**
HISTORICAL SOCIETY				
ADMINISTRATION PROGRAM	81		76	5
LIBRARY PROGRAM	19		19	0
MUSEUM PROGRAM	158		112	46
TOTAL AGENCY	**$ 258**		**$ 207**	**$ 51**

(Continued on next page.)

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - PRIVATE DONATIONS FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
DEPT OF FISH, WILDLIFE & PARKS				
FIELD SERVICES DIVISION	$ 1		$ 1	0
FISHERIES DIVISION	14		12	2
WILDLIFE DIVISION	86		53	33
CONSERVATION EDUCATION DIV	2		0	2
TOTAL AGENCY	**$ 103**		**$ 66**	**$ 37**
DEPARTMENT OF AGRICULTURE				
CENTRALIZED SERVICES DIVISION	16		10	6
AGRICULTURAL DEVELOPMENT	11		11	0
TOTAL AGENCY	**$ 27**		**$ 21**	**$ 6**
DEPARTMENT OF INSTITUTIONS				
CORRECTIONS	1		1	0
TOTAL AGENCY	**$ 1**		**$ 1**	**0**
MONTANA DEVELOPMENTAL CENTER				
SERVICE & SUPPORT	14		13	1
TOTAL AGENCY	**$ 14**		**$ 13**	**$ 1**
CENTER FOR THE AGED				
RESIDENTIAL SERVICES	2		2	0
TOTAL AGENCY	**$ 2**		**$ 2**	**0**
EASTMONT TRAINING CENTER				
CARE & CUSTODY	4		1	3
TOTAL AGENCY	**$ 4**		**$ 1**	**$ 3**
MONTANA STATE HOSPITAL				
TREATMENT SERVICES	17		7	10
TOTAL AGENCY	**$ 17**		**$ 7**	**$ 10**

(Continued on next page.)

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - PRIVATE DONATIONS FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
DEPARTMENT OF COMMERCE				
MONTANA PROMOTION DIVISION	$ 350		$ 226	$ 124
TOTAL AGENCY	**$ 350**		**$ 226**	**$ 124**
DEPARTMENT OF FAMILY SERVICES				
MOUNTAIN VIEW	3		0	3
PINE HILLS	5		1	4
TOTAL AGENCY	**$ 8**		**$ 1**	**$ 7**
AGENCY PROGRAM TOTALS	$ 1,114	$ -	$ 746	$ 368

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - INTEREST & INCOME FUND
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
SCHOOL FOR THE DEAF & BLIND				
EDUCATION	$ 177		$ 157	$ 20
TOTAL AGENCY	**$ 177**		**$ 157**	**$ 20**
VETERANS HOME				
CARE & CUSTODY	6		6	0
TOTAL AGENCY	**$ 6**		**$ 6**	**0**
MONTANA STATE HOSPITAL				
TREATMENT SERVICES	1		0	1
TOTAL AGENCY	**$ 1**		**0**	**$ 1**
DEPARTMENT OF FAMILY SERVICES				
COMMUNITY SERVICES	3		0	3
PINE HILLS	270		270	0
TOTAL AGENCY	**$ 273**		**$ 270**	**$ 3**
AGENCY PROGRAM TOTALS	$ 457	$ -	$ 433	$ 24

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for the payment of general long-term debt principal and interest. A brief description of each Debt Service Fund follows.

Coal Tax Bonds - Moneys in this fund are pledged for the payment of principal and interest on all State of Montana coal severance tax bonds.

Long-Range Building Program - This fund accounts for the payment of all long-range building program bonds and interest.

Water Development - This fund accounts for coal severance taxes pledged to retire bonds sold to make loans/grants for water development projects and activities, as prioritized by the Legislature.

Highway Revenue Bonds - This fund accounts for gasoline taxes pledged for payment of principal and interest on bonds issued for the purpose of constructing highways in Montana.

Highways Building Complex - This fund accounts for gasoline taxes pledged for the payment of principal and interest on bonds issued for the purpose of acquiring a site, erecting and equipping the Montana Department of Highways headquarters building complex.

Airport Bonds - This fund accounts for the 1983 "B" bonds that are used to retire the balance of unloaned airport bonds.

Department of Social and Rehabilitation Services (SRS) Building - The building occupied by SRS is owned by the Teachers' Retirement System and is leased to the State through a lease-purchase agreement. This fund accounts for the lease payments to the retirement system.

Renewable Resource - This fund accounts for coal severance taxes pledged to retire bonds that were never issued. Transfer of these funds to the State Special Revenue Fund was authorized to finance renewable resource projects.

Water Conservation - This fund accounts for Water Conservation Bonds issued for four projects: Sidney, Little Dry, South Side Canal and Petrolia.

STATE OF MONTANA
Combining Balance Sheet
Debt Service Funds
June 30, 1988
(Expressed in Thousands)

	COAL TAX BONDS	LONG-RANGE BUILDING PROGRAM	WATER DEVELOPMENT	HIGHWAY REVENUE BONDS	HIGHWAYS BUILDING COMPLEX	AIRPORT BONDS	SRS BUILDING	RENEWABLE RESOURCE	TOTALS - JUNE 30	
									1988	1987
ASSETS:										
Cash/Cash Equivalents	$ 1,848	$ 10,079	$ 873	$ 4,999	$ 8	$ -	$ 114	$ 119	$ 18,040	$ 12,863
Receivables (Net)	175	2,427	299	-	-	-	-	-	2,901	2,845
Due from Other Funds	-	35	17	-	-	-	-	-	52	315
Equity in Pooled Cash/Investments	13,305	-	46	189	675	364	-	-	14,579	2,579
Long-Term Notes/Loans Receivable	10,735	-	11,581	-	-	-	-	-	22,316	16,423
Investments	406	-	-	4,853	-	-	-	-	5,259	10,642
TOTAL ASSETS	$ 26,469	$ 12,541	$ 12,816	$ 10,041	$ 683	$ 364	$ 114	$ 119	$ 63,147	$ 45,667
LIABILITIES/FUND BALANCES:										
Liabilities:										
Accounts Payable	$ -	$ 925	$ -	$ -	$ -	$ -	$ -	$ -	$ 925	$ 1,890
Due to Other Funds	575	359	-	-	-	-	-	-	934	382
Deferred Revenue	-	1,757	-	-	-	-	-	-	1,757	1,695
Total Liabilities	575	3,041	-	-	-	-	-	-	3,616	3,967
Fund Balances:										
Reserved for Debt Service	15,159	9,500	1,235	10,041	683	364	114	119	37,215	25,277
Reserved for Long-Term Loans	10,735	-	11,581	-	-	-	-	-	22,316	16,423
Total Fund Balances	25,894	9,500	12,816	10,041	683	364	114	119	59,531	41,700
TOTAL LIABILITIES/FUND BALANCES	$ 26,469	$ 12,541	$ 12,816	$ 10,041	$ 683	$ 364	$ 114	$ 119	$ 63,147	$ 45,667

STATE OF MONTANA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Debt Service Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	COAL TAX BONDS	LONG-RANGE BUILDING PROGRAM	WATER DEVELOP-MENT	HIGHWAY REVENUE BONDS	HIGHWAYS BUILDING COMPLEX	AIRPORT BONDS	SRS BLDG	RENEW-ABLE RESOURCE	WATER CONSER-VATION BONDS	TOTALS YEAR ENDED JUNE 30	
										1988	1987
REVENUES:											
Taxes:											
Gas/Oil/Coal Production	$ 42,319	$ -	$ 402	$ -	$ -	$ -	$ -	$ 402	$ -	$ 43,123	$ 39,115
Individual Income	-	23,989	-	-	-	-	-	-	-	23,989	20,879
Corporate Income	-	4,645	-	-	-	-	-	-	-	4,645	3,383
Cigarette/Tobacco	-	9,768	-	-	-	-	-	-	-	9,768	10,207
Charges for Services/Fines/Forfeits	29	674	4	-	-	-	196	-	-	903	825
Investment Earnings	1,037	-	983	-	63	25	-	-	-	2,108	2,519
Federal	-	168	-	-	-	-	-	-	-	168	220
Other Revenues	-	-	-	-	-	-	-	-	-	-	3
Total Revenues	43,385	39,244	1,389	-	63	25	196	402	-	84,704	77,151
Intrafund Revenues	-	(55)	-	-	-	-	-	-	-	(55)	(61)
Net Revenues	43,385	39,189	1,389	-	63	25	196	402	-	84,649	77,090
EXPENDITURES:											
General Government	-	-	-	-	-	-	-	-	-	-	10
Debt Service:											
Principal Retirement	390	7,083	510	-	380	-	79	50	12	8,504	116,173
Interest/Fiscal Charges	2,248	7,257	809	7,531	216	-	98	73	16	18,248	18,344
Total Expenditures	2,638	14,340	1,319	7,531	596	-	177	123	28	26,752	134,527
Intrafund Expenditures	-	(55)	-	-	-	-	-	-	-	(55)	(61)
Net Expenditures	2,638	14,285	1,319	7,531	596	-	177	123	28	26,697	134,466
Excess of Revenues Over (Under) Expenditures	40,747	24,904	70	(7,531)	(533)	25	19	279	(28)	57,952	(57,376)
OTHER FINANCING SOURCES (USES):											
Bond Proceeds	-	-	-	-	-	-	-	-	-	-	71,320
Operating Transfers In	3,683	14,156	71	10,041	596	-	-	-	28	28,575	29,326
Operating Transfers Out	(37,219)	(38,344)	(44)	-	-	(63)	-	(247)	-	(75,917)	(71,542)
Total Other Financing Sources (Uses)	(33,536)	(24,188)	27	10,041	596	(63)	-	(247)	28	(47,342)	29,104
Excess of Revenues/Other Sources Over (Under) Expenditures/ Other Uses	7,211	716	97	2,510	63	(38)	19	32	-	10,610	(28,272)
FUND BALANCES - July 1 - As Previously Reported	17,315	8,786	7,590	6,805	620	402	95	87	-	41,700	73,198
Prior Period Adjustments	-	(2)	24	753	-	-	-	-	-	775	(6,307)
FUND BALANCES - July 1 - As Restated	17,315	8,784	7,614	7,558	620	402	95	87	-	42,475	66,891
Residual Equity Transfers	1,368	-	5,105	(27)	-	-	-	-	-	6,446	3,081
FUND BALANCES - June 30	$ 25,894	$ 9,500	$ 12,816	$ 10,041	$ 683	$ 364	$114	$ 119	$ -	$ 59,531	$ 41,700

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major governmental general fixed assets. A brief description of each Capital Projects Fund follows.

Long-Range Building Program - This fund is maintained to account for resources received and expended for the State's long-range building program. The long-range building program includes costs for the acquisition, construction and improvement of major fixed assets financed by general obligation bonds and interest earned on bond proceeds.

Federal/Private Construction Grants - This fund accounts for federal grants, private donations and federal matching funds that are restricted to general fixed asset construction.

Capital Land Grant - This fund accounts for revenues and expenditures from the capital land grant. Revenues are dedicated for the purpose of constructing capital buildings or additions thereto. Revenues may be transferred to a Debt Service Fund for the payment of principal and interest on bonds issued for capital building construction.

STATE OF MONTANA
Combining Balance Sheet
Capital Projects Funds
June 30, 1988
(Expressed in Thousands)

	LONG-RANGE BUILDING	FEDERAL/PRIVATE CONSTRUCTION GRANT	CAPITAL LAND GRANT	TOTALS - JUNE 30	
				1988	1987
ASSETS:					
Cash/Cash Equivalents	$ 875	$ 442	$ 2	$ 1,319	$ 4,558
Receivables (Net)	69	-	-	69	177
Interfund Loans Receivable	400	-	-	400	400
Due from Other Governments	-	228	-	228	132
Due from Other Funds	7	-	135	142	345
Equity in Pooled Cash/Investments	9,078	-	-	9,078	14,266
Long-Term Notes/Loans Receivable	50	-	14	64	76
Other Assets	-	-	4	4	3
TOTAL ASSETS	$ 10,479	$ 670	$ 155	$ 11,304	$ 19,957
LIABILITIES/FUND BALANCES:					
Liabilities:					
Accounts Payable	$ 516	$ 163	$ -	$ 679	$ 1,186
Interfund Loans Payable	-	400	-	400	400
Due to Other Funds	84	8	-	92	419
Deferred Revenue	57	-	-	57	60
Property Held in Trust	-	192	-	192	219
Total Liabilities	657	763	-	1,420	2,284
Fund Balances:					
Unreserved	9,822	(93)	155	9,884	17,673
Total Fund Balances	9,822	(93)	155	9,884	17,673
TOTAL LIABILITIES/FUND BALANCES	$ 10,479	$ 670	$ 155	$ 11,304	$ 19,957

STATE OF MONTANA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	LONG-RANGE BUILDING	FEDERAL/ PRIVATE CONSTRUCTION GRANT	CAPITAL LAND GRANT	TOTALS YEAR ENDED JUNE 30	
				1988	1987
REVENUES:					
Cigarette/Tobacco Tax	$ 2,284	$ -	$ -	$ 2,284	$ 2,409
Charges for Services/Fines/Forfeits	30	-	-	30	963
Investment Earnings	796	-	-	796	1,352
Grants/Contracts/Donations	-	2,048	-	2,048	3,599
Federal	-	1,457	-	1,457	304
Other Revenues	10	-	-	10	-
Total Revenues	3,120	3,505	-	6,625	8,627
Intrafund Revenues	-	-	-	-	(162)
Net Revenues	3,120	3,505	-	6,625	8,465
EXPENDITURES:					
Current:					
General Government	-	-	11	11	56
Resource Development/Recreation	3	-	-	3	23
Capital Outlay	9,629	3,598	-	13,227	14,114
Total Expenditures	9,632	3,598	11	13,241	14,193
Intrafund Expenditures	-	-	-	-	(162)
Net Expenditures	9,632	3,598	11	13,241	14,031
Excess of Revenues Over (Under) Expenditures	(6,512)	(93)	(11)	(6,616)	(5,566)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	5	-	968	973	-
Operating Transfers Out	(838)	-	(1,308)	(2,146)	(1,214)
Total Other Financing Sources (Uses)	(833)	-	(340)	(1,173)	(1,214)
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses	(7,345)	(93)	(351)	(7,789)	(6,780)
FUND BALANCES - July 1	17,167	-	506	17,673	29,547
Residual Equity Transfers	-	-	-	-	(5,094)
FUND BALANCES - June 30	$ 9,822	$ (93)	$ 155	$ 9,884	$ 17,673

STATE OF MONTANA
PROJECT-LENGTH SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - CAPITAL PROJECTS FUND TYPE
BEGINNING OF PROJECT TO JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
DEPARTMENT OF STATE LANDS				
FORESTRY	$ 21		$ 4	$ 17
TOTAL AGENCY	**$ 21**		**$ 4**	**$ 17**
DEPARTMENT OF ADMINISTRATION				
ARCH & ENGINEERING PGM		560	550	10
GENERAL SERVICES PROGRAM		59	58	1
BONDS & TANS		1,260	1,250	10
TOTAL AGENCY		**$ 1,879**	**$ 1,858**	**$ 21**
LONG RANGE BUILDING PLAN				
SEAL COAT ROOF-MIL AFFAIRS	34		34	0
PNT NAT GRD ARMRS-MIL AFFR	11		11	0
RETROFIT BLDGS-ENERGY-ADM	1,000		1,000	0
SEAL COAT ROOFS-MIL AFFAIRS	48		48	0
PAINT NAT GRD ARMR-MIL AFFAIRS	189		183	6
GRANT-RETROFIT STATE BLDGS-ADM	262		262	0
CONSTRUCT ANIMAL LAB FACILITY-	2,180		2,180	0
RETROFIT STATE BLDGS-ADM	2,250		2,250	0
PLAN NATURAL RESCOURCE BLDG-DN	400		400	0
KITCHEN REPAIRS-VETS HOME	21		21	0
SPRINKLER SYSTM-VETS HOME	47		47	0
WORKERS COMPENSATION BLDG.	4,000		3,975	25
CONST. CHILDREN'S UNIT -BILLIN	2,626		2,626	0
CONSTRUCT FINE ARTS FACILITY-U	7,500		7,475	25
CONST NURSING FACILITY-VETS HM	1,737		1,737	0
SEC IMPR-CLOSE I&II-PRISON	68		68	0
RENOVATION-ADMIN BLDG PRISON	88		88	0
LIGHTING -PRISON	71		71	0
KITHCEN EXPANSION-PRISON	205		205	0
UPGRADE WATER SYSTEM-PRISON	400		371	29
CHILDRENS TRTMT UNIT-SUPLMT-BL	430		428	2
REPAIR & REPLACE ROOFS-MIL	39		39	0
PLAN ENG/PHYSICAL SC COMPLEX-M	172		172	0
EXPND MUSEUM OF ROCKIES-MSU	6,000		4,820	1,180
ENG/LAB-CLASSROOM BLDG-MCMST	1,124		1,048	76
"83 ENERGY RETROFIT,PHIII-ADM	1,000		830	170
"83 LND ACQ & GRND IMPR-ADM	127		47	80
STORM DRNG DETENTION BSN-ADM	250		243	7
'83 GT SPR HRTG ST PK IMPR-FWP	75		75	0
'83 BANNOCK ST PK IMP-FWP	158		158	0
'83 RF REP & MAJOR MTNCE-INST	1,046		1,028	18
CONST PORTE-COCHERE-CA	6		0	6
REMODEL INFIRMARY-PRISON	200		200	0

(Continued on next page.)

STATE OF MONTANA

PROJECT-LENGTH SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - CAPITAL PROJECTS FUND TYPE
BEGINNING OF PROJECT TO JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
LONG RANGE BUILDING PLAN				
INDUSTRIES BLDG-PRISON	$ 700		$ 700	0
SEWAGE STUDY- SWN RVR	7		7	0
FORENSIC BLDG IMP & ADDTN-WM S	1,678		1,523	155
REPAIR & REPLACE ROOFS-MIL	134		134	0
STREET IMPR-ANACONDA-MIL	19		17	2
CAPITAL IMPR-STATEWIDE-LANDS	35		35	0
'83 RF REP & MJR MTNCE-UNIV.	1,494		1,494	0
MAJOR EXPANSION-PRISON	14,920		14,805	115
CONST DNRC BLDG-CAP CMPLX	6,958		6,868	90
ENGINEERING LAB/CLSSRM BLDG-MC	4,250		4,250	0
CONTROLLED ENVIRONMENT FACILIT	5,302		5,266	36
1983 VET & PNR MEM BLDG ADDTN-	2,063		2,047	16
RENOVATE 4TH FLOOR-SOC SC BLDG	499		493	6
MOSS MANSION LAND PURCHASE-BIL	50		50	0
CONST FISH HATCHERY-CRESTON SP	455		149	306
RENOVATE FISH HTCHRY-GT FALLS-	1,900		1,877	23
RENOVATE FISH HTCHRY-BIG TIMBE	500		482	18
EVERETT L LYNN LAND PURCH-ADM	132		98	34
EXCESS INT.EARNING -81BONDS		6,000	5,700	300
EXCESS INT.EARNINGS-'83 BONDS		7,500	6,100	1,400
FIRE PROTECTION-CAPITOL COMPLE	361		348	13
ASBESTOS SURVEY & ABTMNT-ST-WI	250		94	156
SANITARY SWR EXPNSN-PRISON	250		250	0
FORENSIC BLDG-MT ST HOSP	4,327		4,327	0
FIRE SPRSSN HOOD- CNRY KTCHN-B	2		1	1
REMDL CTTGE #16- BRSH	33		0	33
'85' MTNCE & REP- MONT ST HOSP	61		43	18
NEW FLOORING-PINE HILLS	10		8	2
WAREHOUSE & EQPMNT-PRISON	196		193	3
EXPANSION EQPMNT-PRISON	189		185	4
RIPRAP PRKLY PR CRK-MTN VIEW	19		19	0
'85' RF RPLCMNTS-ST WIDE-MIL	293		164	129
CMBND SPRT MTNCE FAC-FT HRRSN-	34		2	32
MULTIPLE INDR FRNG RNGS-MIL	23		12	11
RETROFIT NONARMORY FAC'S-MIL	5		0	5
ARMORY STORAGE ADDTNS-ST WIDE-	35		18	17
ORGZTNL MTNCE SHOP-CHINOOK-MIL	25		23	2
ORGNZTNL MTNCE SHOP-BILLINGS-M	111		105	6
ORGNZTNL MTNCE SHOP-KLSPEL-MIL	40		19	21
ORGNZTNL MTNCE SHOP-MSLA-MIL	25		0	25
ORGNZTNL MTNCE SHOP-BELGRADE-M	25		0	25
ORGNZTNL MTNCE SHOP-CLBRTSN-MI	25		0	25
"85" PNT SHOPS & ARMORIES-ST W	67		18	49
'85' ROOF RPLCMNTS-MSU	191		144	47
'85' ROOF RPLCMNTS-UM	119		72	47
JHNSN/WLSN HALL BRK REP-MSU	2,036		1,366	670
HLTH & SAFETY PROJCTS-UM	398		93	305
HLTH & SAFETY PROJECTS-NMC	23		23	0
'85 MAJ MTNCE & REP-WMC	127		104	23

(Continued on next page.)

STATE OF MONTANA

PROJECT-LENGTH SCHEDULE OF EXPENDITURES AND TRANSFERS OUT

BUDGET AND ACTUAL (BUDGET BASIS) - CAPITAL PROJECTS FUND TYPE

BEGINNING OF PROJECT TO JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
LONG RANGE BUILDING PLAN				
ELECT DSTRBTN, PH II-UM	$ 550		$ 540	$ 10
BROCKMAN CNTR PARTITIONS-NMC	24		24	0
REPAIR PARAPET WALLS-EMC	11		11	0
FARM SHOP-AGRI EXPRMNT STTN-MS	120		120	0
RMDL ENVRNMNTL LAB- BZM- AGRI	80		80	0
ENERGY CONSRVTN RETROFIT-ST.WI	400		396	4
'85' RF RPLCMNTS=ST WIDE-MIL	103		103	0
MULTIPLE INDR FRNG RNGS-MIL	1,196		482	714
RETROFIT NONARMORY FAC'S-MIL	150		0	150
ARMORY STORAGE ADDTNS-ST WIDE-	506		198	308
ORGNZTNL MTNCE SHOP-CHINOOK-MI	632		474	158
ORGNZTNL MTNCE SHOP-BILLINGS-M	632		504	128
ORGNZTNL MTNCE SHOP-KLSPEL-MIL	675		226	449
ORGNZTNL MTNCE SHOP-MSLA=MIL	675		0	675
ORGNZTNL MTNCE SHOP-BELGRADE-M	675		0	675
ORGNZTNL MTNCE SHOP-CLBRTSN-MI	675		8	667
'85' PNT SHPS & ARMRS-ST WIDE-	72		4	68
FEDERAL CONTINGENCY FUNDS-MIL	200		162	38
WARM SPGS SEWER	16		16	0
WARM SPRINGS SEWER	125		125	0
TECH MISC IMP	100		98	2
A&E PRE-PLANNING	200		171	29
FISH HATCHERY EXPSN-MILES CITY	4,900		4,852	48
WASHOE PARK TROUT HATCHERY REP	250		244	6
UPGRADE BIG SPRINGS TROUT HTCH	300		294	6
SWIMMING POOL ADDITION-WMC	84		84	0
LND ACQ & GRND IMPR-ADM	249		249	0
SEWAGE TREATMNT FACILITY-SWN R	59		41	18
ASBESTOS ABATEMENT,PH II-ADM	500		5	495
REPLACE ROOFS-CAP. COMPLEX-ADM	104		75	29
HNDCPPED MODIFICATIONS-CAP COM	236		53	183
FIRE PROTECTION, PH II-CAP CMP	50		0	50
FED ENERGY RETROFIT-STATEWIDE-	200		0	200
IMPR HNDCPPD ACCESS-SC FOR D&B	33		4	29
UPGR REGISTRAR'S BR-DR LDGE-JS	75		3	72
HELENA JOB SERVICE ADDITION-L&	250		0	250
REPAIR PROJECTS-STILLWATER-LAN	28		4	24
REPLACE ROOF-CHINOOK ARMORY-MI	45		0	45
FEDERAL SPENDING AUTHORITY-MIL	300		24	276
ARMORY STORAGE ADDTNS-ST WIDE-	300		0	300
CORRECT HLTH, SFTY & FUME SYST	124		8	116
ELIMINATE PCB-EMC	20		12	8
INST PLTFRM LIFT-SPEC ED BLDG-	15		9	6
INST ELEVATOR-LIBRARY-WMC	141		7	134
RENO FIRE ALARM SYSTEMS-WMC	35		1	34
RENO FIRE ALARM SYSTEMS-MSU	38		0	38
IMPR ELECT DIST, PH I-MSU	1,169		275	894
INST EXHAUST SYSTEM-NMC	50		3	47
REPAIR PROJECTS-WMC	78		3	75

(Continued on next page.)

STATE OF MONTANA

PROJECT-LENGTH SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - CAPITAL PROJECTS FUND TYPE
BEGINNING OF PROJECT TO JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
LONG RANGE BUILDING PLAN				
MJR MTNCE-AES-HUNTLEY & HAVRE-	$ 160		$ 144	$ 16
WATER & STEAM MAINS-UM	168		59	109
REROOF SPEC ED BLDG-EMC	119		99	20
MISC ROOF REPLACEMENT-MCMST	227		6	221
MISC ROOF REPLACEMENT-MSU	396		19	377
REROOF MATH SCIENCE BLDG-NMC	56		35	21
MISC ROOF REPLACEMENT-UM	168		65	103
MISC ROOF REPAIR-WMC	25		0	25
CORRECT LIFE SAFETY CODES-MDC	150		109	41
CORRECT LIFE SAFTY CODES-CTTG	95		7	88
REPAIR SEWAGE LAGOON-MDC	20		3	17
INSTALL SMOKE DETECTORS-MSH	10		0	10
REP BOILER & MLTIPRPS ROOF-MSH	157		90	67
REROOF BLDG 104 & LAUNDRY-MDC	143		66	77
REROOF SHOP-MTN VIEW	9		9	0
IMPR HNDCPPD ACCESS-MSH	125		4	121
IMPR HNDCPPD ACC & INSTALL FEN	21		0	21
DRNG SYSTM & UPGRADE PHY PLNT-	35		15	20
REFURBISH WATER TOWERS-STATEWI	50		0	50
REM CTTGES 16A, B, & C-MDC	1,038		53	985
MISC REPAIR PROJECTS-MSH	61		0	61
CONST YARD STRG & TOILETS-PRIS	62		13	49
REMODEL DINING ROOM-MSH	100		0	100
LEGAL FEES & COSTS-PRISON	75		0	75
TECH-SEWER LINE	91		77	14
DEBT SERVICE PAYMENTS-WKRS COM		441	210	231
DEBT SERVICE PAYMNT-WMC		78	78	0
INSTALL EXHAUST SYST-NMC	5		0	5
JUSTICE & LIBRARY BLDG-ADM	6,393		6,360	33
TOTAL AGENCY	**$ 111,569**	**$ 14,019**	**$ 109,379**	**$ 16,209**

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that provide goods or services to the public on a user charge basis. A brief description of each Enterprise Fund follows.

Housing Authority - This fund is maintained to account for activities of the Montana Board of Housing. The Board issues bonds and carries federally insured mortgage notes to provide qualified individuals with financing to purchase residential housing.

Economic Development Bonds - This operation is directed by the nine-member Board of Investments, administered by the Department of Commerce. This fund accounts for the Industrial Development Bond (IDB) Program and the Montana Cash Anticipation Program. Outstanding bonds may not aggregate greater than $75 million. This program assists Montana's small businesses and local governments in obtaining long-term, fixed-rate financing through private Montana lending institutions.

Employees Group Benefits - This fund receives employee (excluding higher education units) withholdings and State contributions to the medical self-insurance plan. The State contracted Montana Physicians Service to oversee the administrative functions of the program. These activities are reported in the Enterprise Fund Type (versus Internal Service Fund Type) since participating employees are considered outside parties.

Liquor Stores - This fund accounts for activities related to the sale and distribution of alcoholic beverages within the State. Profits are used to finance General Fund expenditures.

State Lottery - This fund accounts for the operations of Montana's lottery.

MUS Group Insurance - This fund accounts for employee contributions to the Montana University System's (MUS) medical/dental self-insurance plan. These activities are reported in the Enterprise Fund Type (versus Internal Service Fund Type) since participating employees are considered outside parties.

FWP Snowgroomer Rental - This fund accounts for activities related to providing snowgroomer equipment to snowmobile clubs where users are charged for use of the equipment.

Historical Society Publications - This fund accounts for the Historical Society's sale of its publications. Some profits are transferred to the State Special Revenue Fund to finance artifact restoration and painting conservation costs.

West Yellowstone Airport - This fund, administered by the Department of Commerce, accounts for operations of the airport at West Yellowstone. User airlines are assessed rent and landing fees.

Health Facilities Authority - This operation, administered by the Department of Commerce, began in fiscal year 1984. The purpose of the Authority, composed of a seven-member Board of Directors, is to contain future health care costs to the people of Montana through reduced debt financing of capital equipment and buildings for Montana's non-profit health care institutions. Bonded debt issuances are limited to $150 million per biennium. The only source of funding is fee revenues generated through loans made from bond proceeds.

Department of Agriculture - This fund accounts for fees collected from persons importing, possessing or controlling alfalfa leaf-cutting bees and costs incurred in certifying that the bees are disease free; fees for apple inspections; and the residual equity from the operations of the Beginning Farm Loan Program.

Fire Services Training School - This fund accounts for revenues from the sale of textbooks, newsletters, patches, pens, caps and educational materials by the Fire Services Training School.

Technology Investment - The Department of Commerce uses this fund to account for the Seed Capital Program of the Science & Technology Alliance.

STATE OF MONTANA
Combining Balance Sheet
Enterprise Funds
June 30, 1988
(Expressed in Thousands)

	HOUSING AUTHORITY	ECONOMIC DEVELOPMENT BONDS	EMPLOYEES GROUP BENEFITS	LIQUOR STORES	STATE LOTTERY	MUS GROUP INSURANCE
ASSETS:						
Cash/Cash Equivalents	$ 64,229	$ 30,648	$ 1,049	$ 695	$ 3,789	$ 32
Cash with Fiscal Agent	-	16	-	-	-	-
Receivables (Net)	7,611	304	175	26	206	1
Due from Other Funds	1	-	4	692	-	2
Inventories	-	-	-	7,511	193	-
Equity in Pooled Cash/Investments	-	-	6,953	-	-	4,612
Long-Term Loans/Notes Receivable	443,075	9,034	-	-	-	-
Investments	84,603	1,146	11,573	-	-	-
Buildings/Improvements	-	-	-	1,736	-	-
Equipment	118	33	18	797	731	20
Other Fixed Assets	-	-	-	-	4	-
Accumulated Depreciation	(76)	(13)	(5)	(994)	(127)	(4)
Intangible Assets	44	-	-	-	672	-
Deferred Charges	9,893	453	-	-	-	-
Other Assets	-	-	-	54	27	-
TOTAL ASSETS	$ 609,498	$ 41,621	$ 19,767	$10,517	$ 5,495	$ 4,663
LIABILITIES/FUND EQUITY:						
Liabilities:						
Accounts Payable	$ 5,728	$ 409	$ 777	$ 1,186	$ 50	$ 97
Lottery Prizes Payable	-	-	-	-	3,506	-
Interfund Loans Payable	-	-	-	-	-	-
Due to Other Funds	21	9	10	2,128	1,321	3
Deferred Revenue	-	354	-	-	-	-
Installment Purchase/Lease Payable	4	-	-	1	543	-
Bonds/Notes Payable (Net)	552,937	40,420	-	-	-	-
Compensated Absences Payable	33	5	8	270	75	6
Estimated Insurance Claims	-	-	4,125	-	-	1,344
Total Liabilities	558,723	41,197	4,920	3,585	5,495	1,450
Fund Equity:						
Contributed Capital	-	23	-	1,916	-	-
Retained Earnings:						
Reserved for: Debt Service	49,266	-	-	-	-	-
Employee Benefits	-	-	14,847	-	-	-
Insurance Claims	-	-	-	-	-	3,213
Unreserved	1,509	401	-	5,016	-	-
Total Fund Equity	50,775	424	14,847	6,932	-	3,213
TOTAL LIABILITIES/FUND EQUITY	$ 609,498	$ 41,621	$ 19,767	$10,517	$ 5,495	$ 4,663

FWP SNOWGROOMER RENTAL	HISTORICAL SOCIETY PUBLICATIONS	WEST YELLOWSTONE AIRPORT	HEALTH FACILITIES AUTHORITY	DEPT OF AGRICULTURE	FIRE SERVICES TRAINING SCHOOL	TECH INVEST-MENT	TOTALS - JUNE 30	
							1988	1987
$ 29	$ 103	$ 52	$ 78	$ 4	$ 1	$ 2	$ 100,711	$ 101,870
-	-	-	-	-	-	-	16	2,194
-	12	9	3	-	-	-	8,347	10,378
50	1	-	-	-	-	2	752	1,976
-	212	-	-	-	3	-	7,919	7,897
-	-	-	-	3	-	-	11,568	16,676
-	-	-	-	-	-	-	452,109	455,456
-	-	-	-	-	-	-	97,322	73,617
-	-	383	-	-	-	-	2,119	2,119
507	33	104	24	2	-	-	2,387	2,235
-	1	-	-	-	-	-	5	5
(93)	(14)	(285)	(8)	(1)	-	-	(1,620)	(1,334)
-	5	-	-	-	-	-	721	874
-	-	-	-	-	-	-	10,346	11,040
-	-	-	1	-	-	-	82	68
$ 493	$ 353	$ 263	$ 98	$ 8	$ 4	$ 4	$ 692,784	$ 685,071
$ -	$ 3	$ 2	$ 6	$ -	$ -	$ -	$ 8,258	$ 6,619
-	-	-	-	-	-	-	3,506	1,094
-	-	-	-	-	-	73	73	1,380
-	20	3	4	-	-	3	3,522	3,518
-	110	-	-	-	-	-	464	514
-	-	-	-	-	-	-	548	824
-	-	-	-	-	-	-	593,357	592,709
-	15	1	14	-	-	8	435	412
-	-	-	-	-	-	-	5,469	4,553
-	148	6	24	-	-	84	615,632	611,623
436	34	9	-	186	3	-	2,607	2,585
-	-	-	-	-	-	-	49,266	41,836
-	-	-	-	-	-	-	14,847	21,064
-	-	-	-	-	-	-	3,213	-
57	171	248	74	(178)	1	(80)	7,219	7,963
493	205	257	74	8	4	(80)	77,152	73,448
$ 493	$ 353	$ 263	$ 98	$ 8	$ 4	$ 4	$ 692,784	$ 685,071

STATE OF MONTANA
Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Enterprise Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	HOUSING AUTHORITY	ECONOMIC DEVELOPMENT BONDS	EMPLOYEES GROUP BENEFITS	LIQUOR STORES	STATE LOTTERY	MUS GROUP INSURANCE
OPERATING REVENUES:						
Charges for Services	$ 576	$ 96	$ 18,362	$ 34,226	$ 21,062	$ -
Investment Earnings	57,832	3,234	1,541	-	-	308
Contributions/Premiums	-	-	-	-	-	7,462
Taxes	-	-	-	8,700	-	-
Other Operating Revenues	-	-	-	14	-	1
Total Operating Revenues	58,408	3,330	19,903	42,940	21,062	7,771
Intrafund Revenues	-	(229)	-	-	-	-
Net Operating Revenues	58,408	3,101	19,903	42,940	21,062	7,771
OPERATING EXPENSES:						
Personal Services	332	37	146	3,593	977	68
Contractual Services	2,049	9	1,204	1,422	1,391	83
Supplies/Materials	5	1	2	24,389	774	1
Expendable Equipment	-	1	-	-	-	-
Benefits	-	-	21,128	-	-	7,750
Depreciation	47	6	2	82	108	4
Utilities/Rent	30	5	2	780	102	-
Communications	28	3	11	129	681	2
Travel	10	3	2	15	57	3
Repair/Maintenance	34	-	-	47	72	1
Lottery Prize Payments	-	-	-	-	9,477	-
Debt Service	48,345	2,928	-	-	-	-
Other Operating Expenses	-	6	34	17	271	251
Total Operating Expenses	50,880	2,999	22,531	30,474	13,910	8,163
Intrafund Expenses	-	(229)	-	-	-	-
Net Operating Expenses	50,880	2,770	22,531	30,474	13,910	8,163
Operating Income (Loss)	7,528	331	(2,628)	12,466	7,152	(392)
NONOPERATING REVENUES (EXPENSES):						
Gain (Loss) on Sale of Fixed Assets	-	(3)	-	(1)	-	-
Total Nonoperating Revenues (Expenses)	-	(3)	-	(1)	-	-
Income (Loss) Before Operating Transfers	7,528	328	(2,628)	12,465	7,152	(392)
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	(12,337)	(8,376)	-
Net Income (Loss)	7,528	328	(2,628)	128	(1,224)	(392)
RETAINED EARNINGS - JULY 1 - As Previously Reported	43,247	73	17,475	4,888	1,223	3,589
Prior Period Adjustments	-	-	-	-	1	16
RETAINED EARNINGS - JULY 1- As Restated	43,247	73	17,475	4,888	1,224	3,605
Residual Equity Transfers	-	-	-	-	-	-
RETAINED EARNINGS - JUNE 30	$ 50,775	$ 401	$ 14,847	$ 5,016	$ -	$ 3,213

FWP SNOWGROOMER RENTAL	HISTORICAL SOCIETY PUBLICATIONS	WEST YELLOWSTONE AIRPORT	HEALTH FACILITIES AUTHORITY	DEPT OF AGRICULTURE	FIRE SERVICES TRAINING SCHOOL	TECH INVEST-MENT	TOTALS YEAR ENDED JUNE 30	
							1988	1987
$ 102	$ 411	$ -	$ 68	$ 16	$ 10	$ -	$ 74,929	$ 60,330
-	-	-	-	-	-	-	62,915	63,564
-	-	-	-	-	-	-	7,462	7,421
-	-	-	-	-	-	-	8,700	9,153
-	-	54	-	-	-	-	69	38
102	411	54	68	16	10	-	154,075	140,506
-	-	-	-	-	-	-	(229)	(65)
102	411	54	68	16	10	-	153,846	140,441
-	121	21	91	2	-	67	5,455	5,139
-	43	2	20	1	1	-	6,225	5,256
-	200	6	2	-	8	-	25,388	26,224
8	-	-	-	-	1	-	10	4
-	-	-	-	-	-	-	28,878	24,047
39	2	9	3	-	-	-	302	184
-	7	5	3	-	-	-	934	955
-	23	2	6	1	1	-	887	435
-	4	1	12	1	-	6	114	91
-	2	2	2	-	-	-	160	108
-	-	-	-	-	-	-	9,477	2,164
-	-	-	-	-	-	-	51,273	55,565
-	4	6	11	-	-	7	607	315
47	406	54	150	5	11	80	129,710	120,487
-	-	-	-	-	-	-	(229)	(65)
47	406	54	150	5	11	80	129,481	120,422
55	5	-	(82)	11	(1)	(80)	24,365	20,019
(28)	-	-	-	-	-	-	(32)	(7)
(28)	-	-	-	-	-	-	(32)	(7)
27	5	-	(82)	11	(1)	(80)	24,333	20,012
-	41	4	-	-	-	-	45	218
-	-	-	-	-	-	-	(20,713)	(14,158)
27	46	4	(82)	11	(1)	(80)	3,665	6,072
30	125	244	156	(189)	2	-	70,863	61,615
-	-	-	-	-	-	-	17	3,206
30	125	244	156	(189)	2	-	70,880	64,821
-	-	-	-	-	-	-	-	(30)
$ 57	$ 171	$ 248	$ 74	$ (178)	$ 1	$ (80)	$ 74,545	$ 70,863

STATE OF MONTANA
Combining Statement of Changes in Financial Position
Enterprise Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	HOUSING AUTHORITY	ECONOMIC DEVELOPMENT BONDS	EMPLOYEES GROUP BENEFITS	LIQUOR STORES	STATE LOTTERY	MUS GROUP INSURANCE
SOURCES OF WORKING CAPITAL:						
Operations:						
Net Income (Loss)	$ 7,528	$ 328	$ (2,628)	$ 128	$(1,224)	$ (392)
Items Not Requiring Working Capital:						
Depreciation	47	6	2	82	108	4
Working Capital Provided by Operations	7,575	334	(2,626)	210	(1,116)	(388)
		-				
Decrease in Long-Term Investments	-	222	10,650	-	-	-
Disposal of Fixed Assets	-	3	-	2	169	-
Decrease in Noncurrent Receivables	3,619	1,726	-	-	-	-
Increase in Noncurrent Payables	2,417	69,235	784	-	7	131
Increase in Contributed Capital	-	-	-	-	-	-
Increase in Compensated Absences Payable	1	-	-	-	43	4
Addition to Fund Equity Due to Prior Period Adjustments	-	-	-	-	-	-
Total Sources of Working Capital	13,612	71,520	8,808	212	(897)	(253)
USES OF WORKING CAPITAL:						
Increase in Long-Term Investments	18,211	139	16,225	-	-	-
Acquisition of Fixed Assets	17	2	5	40	56	4
Increase in Noncurrent Receivables	-	1,999	-	-	-	-
Decrease of Noncurrent Payables	-	70,312	-	-	280	-
Decrease in Contributed Capital	-	-	-	-	-	-
Decrease in Compensated Absences Payable	-	28	2	13	-	-
Reduction of Fund Equity Due to Residual Equity Transfers	-	-	-	-	-	-
Total Uses of Working Capital	18,228	72,480	16,232	53	336	4
Net Increase (Decrease) in Working Capital	$ (4,616)	$ (960)	$ (7,424)	$ 159	$(1,233)	$ (257)
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:						
Cash/Cash Equivalents	$ (4,081)	1,297	$ (1,185)	$ (602)	$ 3,593	$ (116)
Cash with Fiscal Agent	-	(2,178)	-	-	-	-
Receivables (Net)	1,483	$ (142)	(124)	(30)	(3,212)	(25)
Due from Other Funds	(1,273)	(2)	(687)	687	-	-
Inventories	-	-	-	182	(187)	-
Equity in Pooled Cash/Investments	-	-	(5,091)	-	-	(20)
Other Assets	-	-	-	(4)	18	-
Accounts Payable	(2,017)	(107)	(334)	(46)	966	(95)
Lottery Prizes Payable	-	-	-	-	(2,412)	-
Interfund Loans Payable	-	150	-	-	1,230	-
Due to Other Funds	1,272	8	(3)	(28)	(1,229)	(1)
Deferred Revenue	-	14	-	-	-	-
Net Increase (Decrease) in Working Capital	$ (4,616)	$ (960)	$ (7,424)	$ 159	$(1,233)	$ (257)

FWP SNOWGROOMER RENTAL	HISTORICAL SOCIETY PUBLICATIONS	WEST YELLOWSTONE AIRPORT	HEALTH FACILITIES AUTHORITY	DEPT OF AGRICULTURE	FIRE SERVICES TRAINING SCHOOL	TECH INVEST- MENT	TOTALS YEAR ENDED JUNE 30	
							1988	1987
$ 27	$ 46	$ 4	$ (82)	$ 11	$ (1)	$ (80)	$ 3,665	$ 6,072
39	2	9	3	-	-	-	302	184
66	48	13	(79)	11	(1)	(80)	3,967	6,256
-	-	-	-	-	-	-	10,872	251,413
28	7	4	-	-	-	-	213	38
-	-	-	-	-	-	-	5,345	49,973
-	-	-	-	-	-	-	72,574	59,579
33	-	-	-	-	-	-	33	270
-	3	-	11	3	-	8	73	57
-	-	-	-	-	-	-	-	3,206
127	58	17	(68)	14	(1)	(72)	93,077	370,792
-	-	-	-	-	-	-	34,575	62,501
82	5	-	-	-	-	-	211	1,683
-	-	-	-	-	-	-	1,999	10,660
-	-	-	-	-	-	-	70,592	187,401
-	-	-	-	11	-	-	11	-
-	1	-	-	7	-	-	51	22
-	-	-	-	-	-	-	-	30
82	6	-	-	18	-	-	107,439	262,297
$ 45	$ 52	$ 17	$ (68)	$ (4)	$ (1)	$ (72)	$ (14,362)	$ 108,495
$ (3)	$ (1)	$ 10	$ (63)	$ (8)	$ (2)	$ 2	$ (1,159)	$ 99,372
-	-	-	-	-	-	-	(2,178)	296
-	7	9	3	-	-	-	(2,031)	479
48	1	-	-	-	-	2	(1,224)	1,279
-	27	-	-	-	-	-	22	1,260
-	-	-	-	3	-	-	(5,108)	6,966
-	-	-	-	-	-	-	14	-
-	-	(1)	(6)	-	1	-	(1,639)	3,517
-	-	-	-	-	-	-	(2,412)	(1,094)
-	-	-	-	-	-	(73)	1,307	(1,033)
-	(17)	(1)	(2)	-	-	(3)	(4)	(2,537)
-	35	-	-	1	-	-	50	(10)
$ 45	$ 52	$ 17	$ (68)	$ (4)	$ (1)	$ (72)	$ (14,362)	$ 108,495

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - ENTERPRISE FUND TYPE
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
COMMISSIONER OF HIGHER ED				
MUS GROUP INSURANCE PROGRAM	$ 8,740		$ 8,022	$ 718
TOTAL AGENCY	**$ 8,740**		**$ 8,022**	**$ 718**
HISTORICAL SOCIETY				
MAGAZINE PROGRAM	500		429	71
TOTAL AGENCY	**$ 500**		**$ 429**	**$ 71**
FIRE SERVICES TRAINING SCHOOL				
FIRE SERVICES TRAINING SCHOOL	12		10	2
TOTAL AGENCY	**$ 12**		**$ 10**	**$ 2**
DEPT OF FISH, WILDLIFE & PARKS				
RECREATION & PARKS DIVISION	100		90	10
TOTAL AGENCY	**$ 100**		**$ 90**	**$ 10**
DEPARTMENT OF REVENUE				
DIRECTORS OFFICE	79		48	31
DATA PROCESSING DIVISION	421		421	0
INVESTIGATION AND ENFORCEMENT	269		269	0
LIQUOR DIVISION	32,526		29,890	2,636
LIQUOR DIVISION		13,282	12,338	944
TOTAL AGENCY	**$ 33,295**	**$ 13,282**	**$ 42,966**	**$ 3,611**
DEPARTMENT OF ADMINISTRATION				
STATE PERSONNEL DIVISION	25,268		21,660	3,608
TOTAL AGENCY	**$ 25,268**		**$ 21,660**	**$ 3,608**
DEPARTMENT OF AGRICULTURE				
PLANT INDUSTRY DIVISION	33		11	22
TOTAL AGENCY	**$ 33**		**$ 11**	**$ 22**

(Continued on next page.)

STATE OF MONTANA

SCHEDULE OF EXPENDITURES AND TRANSFERS OUT

BUDGET AND ACTUAL (BUDGET BASIS) - ENTERPRISE FUND TYPE

FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
DEPARTMENT OF COMMERCE				
AERONAUTICS DIVISION	$ 62		$ 40	$ 22
HEALTH FACILITIES AUTHORITY	135		134	1
MT SCIENCE & TECH ALLIANCE	73		73	0
BOARD OF HOUSING	1,941		1,714	227
INVESTMENTS DIVISION	128		118	10
MONTANA STATE LOTTERY	16,164		13,833	2,331
MONTANA STATE LOTTERY		8,634	8,376	258
TOTAL AGENCY	**$ 18,503**	**$ 8,634**	**$ 24,288**	**$ 2,849**

MONTANA Before Statehood

"Significant by-products of the fur trade in Montana included the detailed mapping of terrain and the establishment of trails through the wilderness. The diary of Alexander Ross, a clerk for the Hudson's Bay company, illustrated the manner in which geographical knowledge increased as a result of the search for furs. In 1824 Ross led a caravan through the mountains of western Montana to establish a new post in the Snake River country. His journal depicted some of his dedicated labors as he explored this forbidding but beautiful area, a part of which -- Ross' Hole -- is named in his honor."(1)

****

"March 20: Notwithstanding the conflicting opinions regarding the road, and the unlooked for fall of snow, I ultimately succeeded in getting fifty-five men to start with eighty horses, to begin the road....[A]fter a good deal of maneuvering, one man on snowshoes, took the foremost horse by the bridle, while another applied the whip and urged the animal on. When it had made several plunges forward, it became fatigued and would neither lead nor drive; so there we left it in the snow, with nothing to be seen but its head and ears above the surface. The second was then whipped up along side of the first and urged forward and made several plunges further on; and then it lay in the snow some six or seven yards ahead of the other. The third did the same, and so on, until the last, when nothing was to be seen of our eighty horses but a string of heads and ears above the snow. We then dragged out the first, the second, and so on, until we got them all back again. The difficulty in getting them extricated was greater than that in urging them forward; but we were partly recompensed by the novelty of the scene, and the mirth and glee which the operation diffused among the people. All this was very well for a while, but the men and horses soon got tired of it. The single operation for which we only went over all the horses once, occupied nine hours; but we got 580 yards of the road half made, and returned to camp after dusk.

Our first attempt, although an arduous one, produced no very flattering results--scarcely a quarter of a mile of road; but I represented to the people that it was far beyond my expectation; though in my mind the task appeared beyond our means of accomplishing, and so one of the most discouraging undertakings I had ever attempted. And if so hopeless under the shelter of the woods, what would it be in the open plain where the road would be liable, from every blast, wind, drift or snow, to be filled up in as many hours as we would spend in opening it?...

March 21" . . . (2)

****

Narration (1) and an excerpt from a diary (2) on page 6 of the book, Not in Precious Metals Alone, A manuscript History of Montana, published by the Montana Historical Society. Copyright permission courtesy of the Montana Historical Society.

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for operations that provide goods or services to other agencies or programs of a government on a cost-reimbursement basis. A brief description of each Internal Service Fund follows.

Office Supplies & Equipment - Five internal service funds under the Departments of Fish, Wildlife and Parks (FWP Equipment, FWP Warehouse Inventory & FWP Office Supply) and Highways (Highway Equipment & Highways Photo/Data Processing) are used to account for inter- and intradepartmental sales and use of office supplies and equipment.

Communications - State agencies and private users are assessed a fee for their use of the State's phone system.

Admin. Insurance - The Department of Administration accounts for the State's property self-insurance program (including liability, property, flood, etc.) in this fund.

Central Data Processing - State agencies are assessed a fee for their use of centralized data processing, systems design services, records storage and microfilm services provided by the Department of Administration.

Montana State Prison Ranch/Industries - These operations provide employment for inmates. Their products are primarily sold to other State institutions and local governments.

Motor Pool - State employees' transportation is provided by the Department of Highways through a pool of vehicles. Costs of operating the Motor Pool are recovered through rental rates charged to user agencies based on the average operating costs per mile for each class of vehicle.

Admin. Property & Supply - The Department of Administration accounts for intragovernmental sales of office supplies and paper products and federal surplus property sales to State agencies, local governments and certain other non-profit organizations in this fund.

Publications & Graphics - Agencies are assessed a fee for duplicating, typesetting, forms design and graphic arts services.

Buildings & Grounds - Rent proceeds from State agencies are used to pay maintenance, security and landscaping costs for State-owned property.

Local Government Audits - Political subdivisions are assessed a fee for audit services provided them by the State.

Central Services - Funds are used by the Departments of Commerce and Labor for administrative services provided on a cost recovery basis to programs within the departments.

Mail & Messenger - This fund accounts for costs associated with intrastate government mail and package delivery.

Investment Division - This fund accounts for costs associated with operations of the Board of Investments. The Board assists agencies in the investment of State funds. Costs of administering and accounting for each investment fund are allocated based on the dollar volume of investments held by user agencies.

Aircraft Operations - The Department of State Lands accounts for fees charged to users of State aircraft in this fund.

Legal Services - The Attorney General's Office and the Department of Justice charge other State agencies a fee for legal assistance. The Department of Administration funds legal services with intradepartmental fees.

Personnel Training - This fund accounts for fees charged State agencies for training State employees. The fees are used by the Department of Administration to pay instructors and purchase training materials.

PSC Audit Reimbursement - The Public Service Commission accounts for out-of-state travel in this fund.

STATE OF MONTANA
Combining Balance Sheet
Internal Service Funds
June 30, 1988
(Expressed in Thousands)

	HIGHWAY EQUIPMENT	COMMUNICATIONS	ADMIN. INSURANCE	CENTRAL DATA PROCESSING	PRISON RANCH
ASSETS:					
Cash/Cash Equivalents	$ 3,505	$ 1,177	$ 122	$ 1,012	$ 582
Cash with Fiscal Agent	-	70	-	-	-
Receivables (Net)	17	15	40	2	34
Interfund Loans Receivable	-	-	-	185	25
Due from Other Governments	2	-	-	-	-
Due from Other Funds	1,893	1,404	82	709	47
Inventories	-	-	-	23	2,182
Equity in Pooled Cash/Investments	-	-	3,839	-	-
Long-Term Loans/Notes Receivable	-	-	-	-	-
Investments	-	689	2,993	-	-
Land	-	-	-	-	690
Buildings/Improvements	-	-	-	-	1,067
Equipment	49,171	12,653	45	7,361	997
Other Fixed Assets	-	-	-	-	-
Construction in Progress	176	-	-	-	-
Accumulated Depreciation	(19,583)	(4,910)	(14)	(5,500)	(1,099)
Intangible Assets	-	56	-	96	-
Deferred Charges	-	169	-	-	-
Other Assets	-	1	-	1	-
TOTAL ASSETS	$ 35,181	$ 11,324	$ 7,107	$ 3,889	$ 4,525
LIABILITIES/FUND EQUITY:					
Liabilities:					
Accounts Payable	$ 1,071	$ 701	$ 46	$ 145	$ 29
Interfund Loans Payable	-	185	-	-	-
Due to Other Funds	376	528	108	263	24
Deferred Revenue	-	-	-	-	-
Installment Purchase/Lease Payable	-	2,735	-	-	-
Bonds/Notes Payable (Net)	-	6,280	-	-	-
Property Held in Trust	-	-	-	-	-
Compensated Absences Payable	404	53	28	345	51
Total Liabilities	1,851	10,482	182	753	104
Fund Equity:					
Contributed Capital	1,259	35	-	-	-
Retained Earnings:					
Reserved for Insurance Claims	-	-	6,925	-	-
Unreserved	32,071	807	-	3,136	4,421
Total Fund Equity	33,330	842	6,925	3,136	4,421
TOTAL LIABILITIES/FUND EQUITY	$ 35,181	$ 11,324	$ 7,107	$ 3,889	$ 4,525

FWP EQUIPMENT	MOTOR POOL	ADMIN. PROPERTY & SUPPLY	PUBLICATIONS & GRAPHICS	HIGHWAY PHOTO/DATA PROCESSING	BUILDINGS & GROUNDS	PRISON INDUSTRIES	LOCAL GOVERNMENT AUDITS
$ 460	$ 262	$ 150	$ 77	$ 128	$ 753	$ 90	$ 138
-	-	-	-	-	-	-	-
4	-	10	7	3	1	50	151
-	-	-	-	-	-	-	-
6	2	-	-	-	-	-	-
112	121	120	381	372	10	36	18
-	-	703	9	-	-	278	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	236	-	-	-	-	-	-
-	-	-	-	-	-	290	-
4,232	1,573	217	1,671	1,683	190	209	91
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(1,908)	(739)	(120)	(1,019)	(982)	(110)	(235)	(63)
-	-	10	2	4	-	-	-
-	-	-	-	-	-	-	-
-	-	-	52	-	3	-	1
$ 2,906	$ 1,455	$ 1,090	$ 1,180	$ 1,208	$ 847	$ 718	$ 336
$ 51	$ 19	$ 23	$ 191	$ 21	$ 114	$ 44	$ 12
-	-	-	60	600	-	25	30
3	14	17	23	85	177	4	52
-	-	-	-	-	-	-	13
-	-	-	72	-	-	-	-
-	-	-	-	-	-	-	-
-	-	12	-	-	3	-	-
9	8	24	37	267	58	14	101
63	41	76	383	973	352	87	208
68	-	109	92	558	5	255	60
-	-	-	-	-	-	-	-
2,775	1,414	905	705	(323)	490	376	68
2,843	1,414	1,014	797	235	495	631	128
$ 2,906	$ 1,455	$ 1,090	$ 1,180	$ 1,208	$ 847	$ 718	$ 336

Continued on next page.

STATE OF MONTANA
Combining Balance Sheet - Continued
Internal Service Funds
June 30, 1988
(Expressed in Thousands)

	COMMERCE CENTRAL SERVICES	FWP WAREHOUSE INVENTORY	MAIL & MESSENGER	INVESTMENT DIVISION	AIRCRAFT OPERATION
ASSETS:					
Cash/Cash Equivalents	$ 281	$ 57	$ 100	$ 289	$ 98
Cash with Fiscal Agent	-	-	-	-	-
Receivables (Net)	-	-	-	-	-
Interfund Loans Receivable	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Due from Other Funds	112	60	92	-	36
Inventories	-	115	-	-	-
Equity in Pooled Cash/Investments	-	-	-	-	-
Long-Term Loans/Notes Receivable	-	-	-	-	-
Investments	-	-	-	-	-
Land	-	-	-	-	-
Buildings/Improvements	-	-	-	-	-
Equipment	95	-	46	96	-
Other Fixed Assets	10	-	-	-	-
Construction in Progress	-	-	-	-	-
Accumulated Depreciation	(44)	-	(25)	(29)	-
Intangible Assets	1	-	-	12	-
Deferred Charges	-	-	-	-	-
Other Assets	1	-	-	2	-
TOTAL ASSETS	$ 456	$ 232	$ 213	$ 370	$ 134
LIABILITIES/FUND EQUITY:					
Liabilities:					
Accounts Payable	$ 4	$ -	$ 6	$ 7	$ 5
Interfund Loans Payable	-	-	-	-	-
Due to Other Funds	52	4	8	65	1
Deferred Revenue	39	-	-	-	-
Installment Purchase/Lease Payable	-	-	-	2	-
Bonds/Notes Payable (Net)	-	-	-	-	-
Property Held in Trust	118	-	-	71	-
Compensated Absences Payable	136	4	16	78	2
Total Liabilities	349	8	30	223	8
Fund Equity:					
Contributed Capital	-	75	-	21	-
Retained Earnings:					
Reserved for Insurance Claims	-	-	-	-	-
Unreserved	107	149	183	126	126
Total Fund Equity	107	224	183	147	126
TOTAL LIABILITIES/FUND EQUITY	$ 456	$ 232	$ 213	$ 370	$ 134

JUSTICE LEGAL	FWP OFFICE SUPPLY	PERSONNEL TRAINING	PSC AUDIT REIMBURSE-MENTS	ADMIN. LEGAL	LABOR CENTRAL SERVICES	TOTALS - JUNE 30	
						1988	1987
$ 48	$ 33	$ 35	$ 2	$ 1	$ 308	$ 9,708	$ 9,441
-	-	-	-	-	-	70	6
-	-	5	3	-	-	342	535
-	-	-	-	-	-	210	3,280
-	-	-	-	-	-	10	-
37	5	20	-	1	-	5,668	2,951
-	25	-	-	-	-	3,335	3,379
-	-	-	-	-	-	3,839	3,288
-	-	-	-	-	-	-	29
-	-	-	-	-	-	3,682	3,668
-	-	-	-	-	-	926	926
-	-	-	-	-	-	1,357	1,317
64	71	15	-	-	46	80,526	72,514
-	-	-	-	-	-	10	10
-	-	-	-	-	-	176	84
(26)	(38)	(7)	-	-	-	(36,451)	(31,790)
1	-	-	-	-	-	182	50
-	-	-	-	-	-	169	-
-	-	-	-	-	-	61	18
$ 124	$ 96	$ 68	$ 5	$ 2	$ 354	$ 73,820	$ 69,706
$ 4	$ 1	$ 2	$ -	$ -	$ 20	$ 2,516	$ 2,082
-	-	-	-	-	-	900	550
14	4	7	-	2	67	1,898	1,095
-	-	-	-	-	189	241	24
-	-	-	-	-	-	2,809	9,964
-	-	-	-	-	-	6,280	-
-	-	-	-	-	-	204	128
42	11	7	-	4	149	1,848	1,597
60	16	16	-	6	425	16,696	15,440
11	25	1	-	-	-	2,574	2,755
-	-	-	-	-	-	6,925	7,085
53	55	51	5	(4)	(71)	47,625	44,426
64	80	52	5	(4)	(71)	57,124	54,266
$ 124	$ 96	$ 68	$ 5	$ 2	$ 354	$ 73,820	$ 69,706

STATE OF MONTANA
Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Internal Service Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	HIGHWAY EQUIPMENT	COMMUNICATIONS	ADMIN. INSURANCE	CENTRAL DATA PROCESSING	PRISON RANCH
OPERATING REVENUES:					
Charges for Services	$ 10,119	$ 7,602	$ 3,454	$ 7,275	$ 1,406
Investment Earnings	-	573	549	-	-
Grants/Contracts/Donations	-	-	-	-	-
Other Operating Revenues	2	5	-	7	-
Total Operating Revenues	10,121	8,180	4,003	7,282	1,406
Intrafund Revenues	-	(46)	-	-	-
Net Operating Revenues	10,121	8,134	4,003	7,282	1,406
OPERATING EXPENSES:					
Personal Services	3,281	581	233	3,257	401
Contractual Services	269	84	1,553	196	24
Supplies/Materials	2,024	7	9	421	407
Expendable Equipment	-	24	1	171	-
Benefits	-	-	2,329	-	-
Depreciation	2,765	1,951	-	1,367	97
Utilities/Rent	48	17	6	727	45
Communications	17	4,025	8	299	5
Travel	28	23	13	41	3
Repair/Maintenance	1,502	3	4	431	120
Debt Service	-	1,483	-	131	-
Other Operating Expenses	35	14	7	63	10
Total Operating Expenses	9,969	8,212	4,163	7,104	1,112
Intrafund Expenses	-	(46)	-	-	-
Net Operating Expenses	9,969	8,166	4,163	7,104	1,112
Operating Income (Loss)	152	(32)	(160)	178	294
NONOPERATING REVENUES (EXPENSES):					
Gain (Loss) on Sale of Fixed Assets	12	(10)	-	(6)	-
Increase (Decrease) Value of Livestock	-	-	-	-	206
Federal Indirect Cost Recoveries	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	12	(10)	-	(6)	206
Income (Loss) before Operating Transfers	164	(42)	(160)	172	500
Operating Transfers In	1,922	91	-	-	-
Operating Transfers Out	-	-	-	-	-
Net Income (Loss) Before Extraordinary Items	2,086	49	(160)	172	500
Extraordinary Gain (Loss) on Advance Refunding	-	(280)	-	-	-
Net Income (Loss)	2,086	(231)	(160)	172	500
RETAINED EARNINGS - July 1 - As Previously Reported	30,062	1,005	7,085	2,964	3,921
Prior Period Adjustments	(77)	33	-	-	-
RETAINED EARNINGS - JULY 1 - As Restated	29,985	1,038	7,085	2,964	3,921
Residual Equity Transfers	-	-	-	-	-
RETAINED EARNINGS - JUNE 30	$ 32,071	$ 807	$ 6,925	$ 3,136	$ 4,421

FWP EQUIPMENT	MOTOR POOL	ADMIN. PROPERTY & SUPPLY	PUBLICATIONS & GRAPHICS	HIGHWAY PHOTO/DATA PROCESSING	BUILDINGS & GROUNDS	PRISON INDUSTRIES	LOCAL GOVERNMENT AUDITS	COMMERCE CENTRAL SERVICES
$ 1,251	$ 730	$ 3,138	$ 4,394	$ 2,853	$ 3,002	$ 875	$ 1,037	$ 856
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	6	-	-	-	41
1,251	730	3,138	4,394	2,859	3,002	875	1,037	897
-	-	-	(45)	-	-	-	-	(11)
1,251	730	3,138	4,349	2,859	3,002	875	1,037	886
63	118	348	611	1,800	1,001	223	877	1,219
91	36	23	44	522	874	9	64	76
320	146	2,408	3,015	210	89	418	8	24
63	-	12	3	-	-	-	-	-
-	-	-	-	-	-	-	-	-
405	499	45	236	68	16	25	35	9
7	7	74	62	8	942	9	29	54
1	1	21	24	24	7	4	25	22
-	-	2	2	28	3	3	111	25
233	45	16	288	52	87	48	7	37
-	-	-	10	-	-	-	-	-
-	3	11	5	52	18	14	100	55
1,183	855	2,960	4,300	2,764	3,037	753	1,256	1,521
-	-	-	(45)	-	-	-	-	(11)
1,183	855	2,960	4,255	2,764	3,037	753	1,256	1,510
68	(125)	178	94	95	(35)	122	(219)	(624)
-	3	-	(10)	(45)	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	684
-	3	-	(10)	(45)	-	-	-	684
68	(122)	178	84	50	(35)	122	(219)	60
118	-	-	-	-	58	-	130	-
-	-	-	-	-	-	-	-	-
186	(122)	178	84	50	23	122	(89)	60
-	-	-	-	-	-	-	-	-
186	(122)	178	84	50	23	122	(89)	60
2,589	1,388	727	621	(387)	466	258	153	46
-	148	-	-	14	1	(4)	4	1
2,589	1,536	727	621	(373)	467	254	157	47
-	-	-	-	-	-	-	-	-
$ 2,775	$ 1,414	$ 905	$ 705	$ (323)	$ 490	$ 376	$ 68	$ 107

Continued on next page.

STATE OF MONTANA
Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Continued
Internal Service Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	FWP WAREHOUSE INVENTORY	MAIL & MESSENGER	INVESTMENT DIVISION	AIRCRAFT OPERATION	JUSTICE LEGAL
OPERATING REVENUES:					
Charges for Services	$ 175	$ 1,140	$ 1,294	$ 159	$ 452
Investment Earnings	-	-	-	-	-
Grants/Contracts/Donations	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-
Total Operating Revenues	175	1,140	1,294	159	452
Intrafund Revenues	-	-	-	-	-
Net Operating Revenues	175	1,140	1,294	159	452
OPERATING EXPENSES:					
Personal Services	29	178	892	30	363
Contractual Services	3	3	156	-	39
Supplies/Materials	170	1	11	33	9
Expendable Equipment	-	8	-	-	-
Benefits	-	-	-	-	-
Depreciation	-	4	11	-	7
Utilities/Rent	1	20	57	-	8
Communications	1	894	34	-	4
Travel	-	-	16	-	17
Repair/Maintenance	2	7	4	78	4
Debt Service	-	-	-	-	-
Other Operating Expenses	-	-	74	-	1
Total Operating Expenses	206	1,115	1,255	141	452
Intrafund Expenses					
Net Operating Expenses	206	1,115	1,255	141	452
Operating Income (Loss)	(31)	25	39	18	-
NONOPERATING REVENUES (EXPENSES):					
Gain (Loss) on Sale of Fixed Assets	-	-	(2)	-	-
Increase (Decrease) Value of Livestock	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	-	-	(2)	-	-
Income (Loss) before Operating Transfers	(31)	25	37	18	-
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Net Income (Loss) before extraordinary items	(31)	25	37	18	-
Extraordinary gain (loss) on advance refunding	-	-	-	-	-
Net Income (Loss)	(31)	25	37	18	-
RETAINED EARNINGS - July 1 - As Previously Reported	180	157	60	108	55
Prior Period Adjustments	-	1	29	-	(2)
RETAINED EARNINGS - JULY 1 - As Restated	180	158	89	108	53
Residual Equity Transfers	-	-	-	-	-
RETAINED EARNINGS - JUNE 30	$ 149	$ 183	$ 126	$ 126	$ 53

FWP OFFICE SUPPLY	PERSONNEL TRAINING	PSC AUDIT REIMBURSE-MENTS	ADMIN. LEGAL	LABOR CENTRAL SERVICES	TOTALS YEAR ENDED JUNE 30	
					1988	1987
$ 159	$ 157	$ 15	$ 51	$ -	$ 51,594	$ 45,198
-	-	-	-	-	1,122	1,619
-	-	-	-	-	-	10
4	-	-	-	-	65	52
163	157	15	51	-	52,781	46,879
-	-	-	-	-	(102)	(39)
163	157	15	51	-	52,679	46,840
69	90	-	47	1,716	17,427	14,831
1	42	-	1	171	4,281	3,634
43	7	-	1	160	9,941	7,959
-	-	-	-	-	282	71
-	-	-	-	-	2,329	5,424
6	1	-	-	-	7,547	5,811
1	8	-	2	177	2,309	2,017
3	11	-	1	31	5,462	5,956
-	4	15	-	33	367	280
12	-	-	-	57	3,037	2,895
-	-	-	-	-	1,624	1,025
2	-	-	-	92	556	364
137	163	15	52	2,437	55,162	50,267
					(102)	(39)
137	163	15	52	2,437	55,060	50,228
26	(6)	-	(1)	(2,437)	(2,381)	(3,388)
-	-	-	-	-	(58)	(130)
-	-	-	-	-	206	498
-	-	-	-	2,366	3,050	663
-	-	-	-	2,366	3,198	1,031
26	(6)	-	(1)	(71)	817	(2,357)
-	35	-	-	-	2,354	2,628
-	-	-	-	-	-	(137)
26	29	-	(1)	(71)	3,171	134
-	-	-	-	-	(280)	-
26	29	-	(1)	(71)	2,891	134
29	22	5	(3)	-	51,511	52,528
-	-	-	-	-	148	(1,100)
29	22	5	(3)	-	51,659	51,428
-	-	-	-	-	-	(51)
$ 55	$ 51	$ 5	$ (4)	$ (71)	$ 54,550	$ 51,511

STATE OF MONTANA
Combining Statement of Changes in Financial Position
Internal Service Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	HIGHWAY EQUIPMENT	COMMUNICATIONS	ADMIN. INSURANCE	CENTRAL DATA PROCESSING	PRISON RANCH
SOURCES OF WORKING CAPITAL:					
Operations:					
Net Income (Loss)	$ 2,086	$ 49	$ (160)	$ 172	$ 500
Items not Requiring Working Capital:					
Depreciation	2,765	1,951	-	1,367	97
Working Capital Provided by Operations, Exclusive of Extraordinary Items	4,851	2,000	(160)	1,539	597
Extraordinary Items	-	(280)	-	-	-
Working Capital Provided by Operations	4,851	1,720	(160)	1,539	597
Decrease in Long-Term Investments	-	1,073	2,581	-	-
Disposal of Fixed Assets	274	71	15	26	-
Decrease in Noncurrent Receivables	-	-	-	12	-
Increase in Noncurrent Payables	-	10,448	-	12	-
Increase in Contributed Capital	6	30	-	-	-
Increase in Compensated Absences Payable	-	5	3	18	7
Addition to Fund Equity Due to Prior Period Adjustments	-	-	-	-	-
Total Sources of Working Capital	5,131	13,347	2,439	1,607	604
USES OF WORKING CAPITAL:					
Increase in Long-Term Investments	-	177	3,490	-	-
Acquisition of Fixed Assets	5,330	3,775	15	743	120
Decrease in Noncurrent Payables	-	10,296	-	1,091	-
Decrease in Contributed Capital	2	30	-	-	-
Decrease in Compensated Absences Payable	26	-	-	-	-
Reduction of Fund Equity Due to Prior Period Adjustments	-	-	-	-	-
Reduction of Fund Equity Due to Residual Equity Transfers	-	-	-	-	-
Total Uses of Working Capital	5,358	14,278	3,505	1,834	120
Net Increase (Decrease) in Working Capital	$ (227)	$ (931)	$ (1,066)	$ (227)	$ 484
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:					
Cash/Cash Equivalents	$ 2,152	$ (1,338)	$ (1,452)	$ (293)	$ 285
Cash with Fiscal Agent	-	64	-	-	-
Receivables (Net)	9	(2)	(100)	(2)	(11)
Interfund Loans Receivable	(3,100)	-	-	35	(5)
Due From Other Governments	2	-	-	-	-
Due from Other Funds	1,575	803	31	45	13
Inventories	-	-	-	5	198
Equity in Pooled Cash/Investments	-	-	551	-	-
Other Assets	-	1	-	1	-
Accounts Payable	(841)	85	(20)	97	(2)
Interfund Loans Payable	-	(35)	-	-	-
Due to Other Funds	(24)	(509)	(76)	(125)	6
Deferred Revenue	-	-	-	10	-
Property Held in Trust	-	-	-	-	-
Net Increase (Decrease) in Working Capital	$ (227)	$ (931)	$ (1,066)	$ (227)	$ 484

FWP EQUIPMENT	MOTOR POOL	ADMIN. PROPERTY & SUPPLY	PUBLICATIONS & GRAPHICS	HIGHWAY PHOTO/DATA PROCESSING	BUILDINGS & GROUNDS	PRISON INDUSTRIES	LOCAL GOVERNMENT AUDITS	COMMERCE CENTRAL SERVICES
$ 186	$ (122)	$ 178	$ 84	$ 50	$ 23	$ 122	$ (89)	$ 60
405	499	45	236	68	16	25	35	9
591	377	223	320	118	39	147	(54)	69
-	-	-	-	-	-	-	-	-
591	377	223	320	118	39	147	(54)	69
-	-	-	-	-	-	-	-	-
42	46	16	42	48	2	4	-	19
-	-	-	17	-	-	-	-	-
-	-	-	196	-	-	-	-	-
-	-	578	2	24	-	-	4	-
1	-	-	-	-	-	4	7	68
-	-	-	-	-	-	-	-	-
634	423	817	577	190	41	155	(43)	156
-	-	-	-	-	-	-	-	-
612	452	15	229	175	9	22	1	40
-	-	-	301	-	-	-	-	-
-	-	818	-	-	-	-	8	-
-	1	7	5	6	7	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
612	453	840	535	181	16	22	9	40
$ 22	$ (30)	$ (23)	$ 42	$ 9	$ 25	$ 133	$ (52)	$ 116
$ (167)	$ (30)	$ 112	$ 73	$ (9)	$ 137	$ 13	$ 64	$ 174
-	-	-	-	-	-	-	-	-
1	(3)	(39)	6	(5)	(1)	20	(60)	-
-	-	-	-	-	-	-	-	-
6	2	-	-	-	-	-	-	-
3	15	6	88	149	(17)	(76)	6	(1)
-	-	(281)	(32)	-	-	133	-	-
-	-	-	-	-	-	-	-	-
-	-	-	36	-	3	-	-	-
180	(13)	160	(67)	(7)	(2)	4	(4)	9
-	-	-	(60)	(230)	-	5	(30)	-
(1)	(1)	25	(3)	111	(92)	22	(15)	(28)
-	-	-	1	-	-	12	(13)	(38)
-	-	(6)	-	-	(3)	-	-	-
$ 22	$ (30)	$ (23)	$ 42	$ 9	$ 25	$ 133	$ (52)	$ 116

Continued on next page.

STATE OF MONTANA
Combining Statement of Changes in Financial Position - Continued
Internal Service Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	FWP WAREHOUSE INVENTORY	MAIL & MESSENGER	INVESTMENT DIVISION	AIRCRAFT OPERATION	JUSTICE LEGAL
SOURCES OF WORKING CAPITAL:					
Operations:					
Net Income (Loss)	$ (31)	$ 25	$ 37	$ 18	$ -
Items not Requiring Working Capital:					
Depreciation	-	4	11	-	7
Working Capital Provided by Operations, Exclusive of Extraordinary Items	(31)	29	48	18	7
Extraordinary Items	-	-	-	-	-
Working Capital Provided by Operations	(31)	29	48	18	7
Decrease in Long-Term Investments	-	-	-	-	-
Disposal of Fixed Assets	-	-	60	-	1
Decrease in Noncurrent Receivables	-	-	-	-	-
Increase in Noncurrent Payables	-	-	9	-	-
Increase in Contributed Capital	-	-	21	-	11
Increase in Compensated Absences Payable	-	-	79	-	10
Addition to Fund Equity Due to Prior Period Adjustments	-	-	-	-	-
Total Sources of Working Capital	(31)	29	217	18	29
USES OF WORKING CAPITAL:					
Increase in Long-Term Investments	-	-	-	-	-
Acquisition of Fixed Assets	-	-	86	-	14
Decrease in Noncurrent Payables	-	2	16	-	-
Decrease in Contributed Capital	-	-	-	-	-
Decrease in Compensated Absences Payable	-	-	47	-	-
Reduction of Fund Equity Due to Prior Period Adjustments	-	-	-	-	-
Reduction of Fund Equity Due to Residual Equity Transfers	-	-	-	-	-
Total Uses of Working Capital	-	2	149	-	14
Net Increase (Decrease) in Working Capital	$ (31)	$ 27	$ 68	$ 18	$ 15
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:					
Cash/Cash Equivalents	$ 1	$ 25	$ 173	$ 7	$ 26
Cash with Fiscal Agent	-	-	-	-	-
Receivables (Net)	-	-	-	-	(5)
Interfund Loans Receivable	-	-	-	-	-
Due From Other Governments	-	-	-	-	-
Due from Other Funds	47	8	-	7	4
Inventories	(81)	-	-	-	-
Equity in Pooled Cash/Investments	-	-	-	-	-
Other Assets	-	-	2	-	-
Accounts Payable	4	(6)	9	4	(3)
Interfund Loans Payable	-	-	-	-	-
Due to Other Funds	(2)	-	(45)	-	(7)
Deferred Revenue	-	-	-	-	-
Property Held in Trust	-	-	(71)	-	-
Net Increase (Decrease) in Working Capital	$ (31)	$ 27	$ 68	$ 18	$ 15

FWP OFFICE SUPPLY	PERSONNEL TRAINING	PSC AUDIT REIMBURSE-MENTS	ADMIN. LEGAL	LABOR CENTRAL SERVICES	TOTALS YEAR ENDED JUNE 30 1988	TOTALS YEAR ENDED JUNE 30 1987
$ 26	$ 29	$ -	$ (1)	$ (71)	$ 3,171	$ 134
6	1	-	-	-	7,547	5,811
32	30	-	(1)	(71)	10,718	5,945
-	-	-	-	-	(280)	-
32	30	-	(1)	(71)	10,438	5,945
-	-	-	-	-	3,654	2,873
-	1	-	-	-	667	1,532
-	-	-	-	-	29	31
-	-	-	-	-	10,665	1,876
-	-	-	-	-	676	1,966
2	-	-	1	149	354	132
-	-	-	-	-	-	242
34	31	-	-	78	26,483	14,597
-	-	-	-	-	3,667	3,114
-	-	-	-	46	11,684	7,853
-	-	-	-	-	11,706	4,515
-	-	-	-	-	858	271
-	4	-	-	-	103	60
-	-	-	-	-	-	1,342
-	-	-	-	-	-	51
-	4	-	-	46	28,018	17,206
$ 34	$ 27	$ -	$ -	$ 32	$ (1,535)	$ (2,609)
$ 20	$ 18	$ (2)	$ -	$ 308	$ 297	$ (3,484)
-	-	-	-	-	64	(2,900)
-	(3)	2	-	-	(193)	(263)
-	-	-	-	-	(3,070)	3,045
-	-	-	-	-	10	-
-	10	-	1	-	2,717	(4,393)
14	-	-	-	-	(44)	722
-	-	-	-	-	551	1,437
-	-	-	-	-	43	15
-	(1)	-	-	(20)	(434)	126
-	-	-	-	-	(350)	(222)
-	(1)	-	(1)	(67)	(833)	3,279
-	-	-	-	(189)	(217)	33
-	4	-	-	-	(76)	(4)
$ 34	$ 27	$ -	$ -	$ 32	$ (1,535)	$ (2,609)

STATE OF MONTANA

SCHEDULE OF EXPENDITURES AND TRANSFERS OUT

BUDGET AND ACTUAL (BUDGET BASIS) - INTERNAL SERVICE FUND TYPE

FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
DEPARTMENT OF JUSTICE				
AGENCY LEGAL SERVICES	$ 493		$ 441	$ 52
CENTRAL SERVICES DIVISION	1		0	1
TOTAL AGENCY	**$ 494**		**$ 441**	**$ 53**
PUBLIC SERVICE REGULATION				
PUBLIC SERVICE REGULATION PROG	15		15	0
TOTAL AGENCY	**$ 15**		**$ 15**	**0**
DEPT OF FISH, WILDLIFE & PARKS				
MANAGEMENT SERVICES DIVISION	1,802		1,568	234
FIELD SERVICES DIVISION	109		99	10
RECREATION & PARKS DIVISION	173		160	13
TOTAL AGENCY	**$ 2,084**		**$ 1,827**	**$ 257**
DEPARTMENT OF HIGHWAYS				
HIGHWAY SERVICE REVOLVING	2,998		2,795	203
STATE MOTOR POOL	759		757	2
EQUIPMENT PROGRAM	12,836		12,763	73
TOTAL AGENCY	**$ 16,593**		**$ 16,315**	**$ 278**
DEPARTMENT OF STATE LANDS				
CENTRAL MANAGEMENT PROGRAM	192		137	55
TOTAL AGENCY	**$ 192**		**$ 137**	**$ 55**
DEPARTMENT OF ADMINISTRATION				
DIRECTOR'S OFFICE	51		51	0
"PUBLICATIONS AND GRAPHICS"	4,364		4,352	12
INFORMATION SERVICES DIVISION	16,287		16,055	232
GENERAL SERVICES PROGRAM	3,040		2,909	131
PROPERTY AND SUPPLY BUREAU	2,880		2,865	15
MAIL & DISTRIBUTION BUREAU	1,130		1,115	15
CENTRALIZED SERVICES DIVISION	31		31	0
STATE PERSONNEL DIVISION	165		165	0
TORT CLAIMS DIVISION	8,858		4,199	4,659

(Continued on next page.)

STATE OF MONTANA
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL (BUDGET BASIS) - INTERNAL SERVICE FUND TYPE
FOR FISCAL YEAR ENDING JUNE 30, 1988 (EXPRESSED IN THOUSANDS)
(CONTINUED)

AGENCY/PROGRAM/PROJECT	APPROPRIATED EXPENDITURES	APPROPRIATED TRANSFER OUT	ACTUAL	VARIANCE (UNFAVORABLE)
DEPARTMENT OF ADMINISTRATION				
TORT CLAIMS DIVISION		1,139	945	194
TOTAL AGENCY	**$ 36,806**	**$ 1,139**	**$ 32,687**	**$ 5,258**
DEPARTMENT OF INSTITUTIONS				
MANAGEMENT SERVICES DIVISION	6		0	6
TOTAL AGENCY	**$ 6**		**0**	**$ 6**
MONTANA STATE PRISON				
RANCH & DAIRY	1,228		1,151	77
PRISON INDUSTRIES REVOLVING	678		674	4
PRISON INDUSTRIES TRAINING	222		188	34
TOTAL AGENCY	**$ 2,128**		**$ 2,013**	**$ 115**
DEPARTMENT OF COMMERCE				
BUSINESS LICENSING/REGULATION	60		60	0
POL BUREAU	714		686	28
LOCAL GOV'T SERVICES - AUDIT	1,028		924	104
LOCAL GOV'T SERVICES - SYSTEMS	255		188	67
LOCAL GOVT ASSISTANCE ADMIN	99		99	0
INVESTMENTS DIVISION	1,284		1,214	70
DIRECTOR/MANAGEMENT SERVICES	829		733	96
TOTAL AGENCY	**$ 4,269**		**$ 3,904**	**$ 365**
LABOR & IND-EMPLOYMENT SERVS				
COMMISSIONER/CENTRALIZED SERV	2,619		2,367	252
EMPLOYMENT RELATIONS	4		0	4
TOTAL AGENCY	**$ 2,623**		**$ 2,367**	**$ 256**

MONTANA *Before Statehood*

"Invitations from the Indians themselves prompted Jesuit missionary Pierre-Jean deSmet to establish St. Mary's Mission in the Bitterroot Valley in 1841. In a book published two years later, deSmet described the enthusiastic reception the Jesuits received from the Flatheads and their neighboring tribes. After the great missionary's departure in 1843, however, relations between the remaining Jesuits and the Indians deteriorated and by 1850 conditions forced the fathers to close the mission. Despite this discouragement, the Jesuits ultimately returned to St. Mary's and succeeded in establishing missions to many other Montana tribes."(1)

****

"The 1st of November -- All Saints' Day -- after having celebrated the Holy Sacrifice under a large poplar tree, we proceeded on our journey through a defile of about six miles. At the ford of the Great Clark's Fork, we met two encampments of the Kalispel tribe, who having heard of our approach, had come thither to see us. Men, women and children, ran to meet us, and pressed our hands with every demonstration of sincere joy. The chief of the first camp was called Chalax. I baptized twenty-four children in his little village, and one young woman a Koetenaise, who was dying. The chief of the second camp was named Hoytelps; his band occupied thirty huts.

I spend the night amongst them; and, although they had never seen me before, they know all the prayers that I had taught the Flat Heads on my first journey. The fact is, on hearing of my arrival in the mountains, they deputed an intelligent young man to meet me, and who was also gifted with a good memory. Having learned the prayers and canticles, and such points as were most essential for salvation, he repeated to the village all that he had heard and seen. He had acquitted himself of his commission so well, and with so much zeal, that he gave instructions to his people during the course of the winter. The same desire for information concerning religion, had communicated itself to the other small camps, and with the same cheering success. It was, as you can easily imagine, a great consolation for me to hear prayers addressed to the great God, and his praises sung in a desert of about three hundred miles extent, where a Catholic priest had never been before. They were overjoyed when they heard that I hoped before long to be able to leave a Missionary amongst them....

It is amidst the poor tribes of these isolated mountains that the fire of divine grace burns with ardor. Superstitious practices have disappeared....Speak to these Savages of heavenly things; at once their hearts are inflamed with divine love; and immediately they go seriously about the great affair of their salvation....

They came from all parts, and from great distances, to meet me" . . . (2)

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Narration (1) and an excerpt from a book (2) on pages 16-17 of the book, Not in Precious Metals Alone, A manuscript History of Montana, published by the Montana Historical Society. Copyright permission courtesy of the Montana Historical Society.

TRUST AND AGENCY FUNDS

To account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. These include: (1) Expendable Trust Funds; (2) Nonexpendable Trust Funds; (3) Pension Trust Funds; and (4) Agency Funds.

STATE OF MONTANA
Combining Balance Sheet
All Trust and Agency Fund Types
June 30, 1988
(Expressed in Thousands)

	EXPENDABLE TRUSTS	NON-EXPENDABLE TRUSTS	PENSION TRUSTS	AGENCY	TOTALS - JUNE 30	
					1988	1987
ASSETS:						
Cash/Cash Equivalents	$ 50,641	$ 14,984	$ 11,970	$ 17,131	$ 94,726	$ 99,177
Receivables (Net)	29,419	17,588	33,725	7,445	88,177	77,980
Interfund Loans Receivable	-	-	-	-	-	287
Due from Other Governments	-	-	-	23	23	109
Due from Other Funds	4,023	1,781	7,934	10,492	24,230	39,984
Equity in Pooled Cash/Investments	11,734	114,056	187,420	250,037	563,247	583,603
Long-Term Loans Receivable	1,773	28,581	-	-	30,354	24,321
Investments	26,353	567,205	1,122,111	47,779	1,763,448	1,583,807
Deferred (Gains) Losses	-	-	18,962	-	18,962	16,796
Land	-	49,399	60	-	49,459	49,459
Buildings/Improvements	-	-	342	-	342	341
Equipment	-	-	181	-	181	169
Accumulated Depreciation	-	-	(221)	-	(221)	(216)
Intangible Assets	-	-	14	-	14	-
Other Assets	8,547	-	-	23,846	32,393	23,645
TOTAL ASSETS	$ 132,490	$ 793,594	$ 1,382,498	$ 356,753	$ 2,665,335	$ 2,499,462
LIABILITIES/FUND BALANCES:						
Liabilities:						
Accounts Payable	$ 491	$ 5,659	$ 1,279	$ 465	$ 7,894	$ 8,566
Interfund Loans Payable	-	-	-	-	-	108
Due to Other Governments	-	-	6	74,684	74,690	51,037
Due to Other Funds	467	40,355	105	5,229	46,156	66,743
Deferred Revenue	1,688	430	1	-	2,119	2,827
Property Held in Trust	15,022	-	43	274,832	289,897	323,493
Compensated Absences Payable	-	-	69	-	69	72
Estimated Claims	149,168	-	-	-	149,168	-
Other Liabilities	-	-	-	1,543	1,543	1,473
Total Liabilities	166,836	46,444	1,503	356,753	571,536	454,319
Fund Balances:						
Reserved for:						
Long-Term Loans	1,773	-	-	-	1,773	1,780
Trust Principal	-	747,150	-	-	747,150	702,211
Retirement Systems	-	-	1,380,995	-	1,380,995	1,244,503
Unreserved	(36,119)	-	-	-	(36,119)	96,649
Total Fund Balances	(34,346)	747,150	1,380,995	-	2,093,799	2,045,143
TOTAL LIABILITIES/FUND BALANCES	$ 132,490	$ 793,594	$ 1,382,498	$ 356,753	$ 2,665,335	$ 2,499,462

EXPENDABLE TRUST FUNDS

Expendable Trust Funds are used to account for assets held by the State in a trustee capacity, where both the trust principal and earnings may be expended. A brief description of each Expendable Trust Fund follows.

State Compensation Insurance - This fund accounts for (1) employer contributions to the State-operated workers' compensation insurance system; (2) penalties assessed employers who do not carry workers' compensation insurance; and (3) the payment of benefits to injured workers. Administrative costs of operating the fund are paid from a Special Revenue Fund.

Unemployment Insurance - This fund accounts for employer contributions deposited with the Secretary of the Treasury of the United States to the credit of Montana's unemployment trust fund. Unemployment benefits are paid from this fund to eligible recipients. Administrative costs are paid from a Special Revenue Fund.

Coal Tax Trust - The activity in this fund has been combined with the Permanent Coal Tax Nonexpendable Trust Fund for financial reporting purposes.

Hail Insurance - Any taxpayer engaged in the growing of crops subject to destruction by hail may participate in the State's hail insurance program. This fund accounts for premium assessments on crop acreage insured, administrative costs and benefits paid by the Department of Agriculture.

BN Geraldine Settlement - Deposits from a lawsuit settlement and investment earnings from a Nonexpendable Trust Fund of the same name are to be used for restructuring the Geraldine-Lewistown Line.

Rural Development - This fund accounts for programs authorized under the Bankhead Jones Farm Tenant Act. Resources are used by the Department of Agriculture for the purpose of aiding low income rural families.

Resource Indemnity - Department of Revenue accounts for all investment earnings of the resource indemnity tax trust in this fund.

Historical Society General Trust - Deposits of the principal amounts of various stocks donated by numerous contributors in trust to the Society and the Charles Bair Memorial are accounted for in this fund. The principal can be expended for acquisitions approved by the Board of Trustees.

Woodville Highway Replacement - This fund accounts for money paid to the Montana Department of Highways by the Anaconda Company to provide the government of Butte-Silver Bow with traffic facilities to replace the abandoned portion of U.S. Highway 91.

Coast Trading Trust - This trust accounts for the money from the Coast Trading bankruptcy. Once the lawsuit is settled, the trust will be distributed to the proper claimants.

Fullam Estate - The activity in this fund has been combined with the Teachers' Retirement System (TRS) Pension Trust Fund for financial reporting purposes.

School for Deaf & Blind - The School accounts for private donations in this fund.

STATE OF MONTANA
Combining Balance Sheet
Expendable Trust Funds
June 30, 1988
(Expressed in Thousands)

	STATE COMPENSATION INSURANCE	UNEMPLOYMENT INSURANCE	HAIL INSURANCE	BN GERALDINE SETTLEMENT
ASSETS:				
Cash/Cash Equivalents	$ 862	$ 49,418	$ 272	$ -
Receivables (Net)	25,653	2,230	1,535	1
Interfund Loans Receivable	-	-	-	-
Due from Other Funds	4,022	-	-	1
Equity in Pooled Cash/Investments	4,998	-	3,487	2,207
Long-Term Loans/Notes Receivable	-	237	-	-
Investments	26,003	-	350	-
Other Assets	7,974	-	-	573
TOTAL ASSETS	$ 69,512	$ 51,885	$ 5,644	$ 2,782
LIABILITIES/FUND BALANCES:				
Liabilities:				
Accounts Payable	$ 242	$ 246	$ 2	$ -
Interfund Loans Payable	-	-	-	-
Due to Other Funds	458	-	7	-
Deferred Revenue	-	160	1,528	-
Property Held in Trust	15,002	-	-	-
Estimated Claims	149,168	-	-	-
Total Liabilities	164,870	406	1,537	-
Fund Balances:				
Reserved for Long-Term Loans	-	237	-	-
Unreserved	(95,358)	51,242	4,107	2,782
Total Fund Balances	(95,358)	51,479	4,107	2,782
TOTAL LIABILITIES/FUND BALANCES	$ 69,512	$ 51,885	$ 5,644	$ 2,782

RURAL DEVELOPMENT	HISTORICAL SOCIETY GENERAL TRUST	WOODVILLE HIGHWAY	COAST TRADING TRUST	TOTALS - JUNE 30	
				1988	1987
$ 67	$ 14	$ 8	$ -	$ 50,641	$ 34,613
-	-	-	-	29,419	35,096
-	-	-	-	-	237
-	-	-	-	4,023	1,980
478	302	239	23	11,734	22,500
1,536	-	-	-	1,773	1,555
-	-	-	-	26,353	35,104
-	-	-	-	8,547	7,496
$ 2,081	$ 316	$ 247	$ 23	$ 132,490	$138,581
$ -	$ 1	$ -	$ -	$ 491	$ 1,402
-	-	-	-	-	1
2	-	-	-	467	21,975
-	-	-	-	1,688	2,422
-	-	-	20	15,022	14,360
-	-	-	-	149,168	-
2	1	-	20	166,836	40,160
1,536	-	-	-	1,773	1,780
543	315	247	3	(36,119)	96,641
2,079	315	247	3	(34,346)	98,421
$ 2,081	$ 316	$ 247	$ 23	$ 132,490	$138,581

STATE OF MONTANA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Expendable Trust Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	STATE COMPENSATION INSURANCE	UNEMPLOYMENT INSURANCE	COAL TAX TRUST	HAIL INSURANCE	BN GERALDINE SETTLEMENT
REVENUES:					
Charges for Services/Fines/Forfeits	$ 896	$ -	$ -	$ 901	$ -
Investment Earnings	3,839	-	-	281	170
Contributions/Premiums	85,688	54,500	-	-	-
Grants/Contracts/Donations	-	-	-	-	-
Federal	-	3,333	-	-	-
Other Revenues	-	-	-	-	-
Total Revenues	90,423	57,833	-	1,182	170
EXPENDITURES:					
Current:					
Transportation	-	-	-	-	320
Education/Cultural	-	-	-	-	-
Economic Develoment/Assistance	91,610	42,291	-	992	-
Capital Outlay	-	-	-	4	-
Total Expenditures	91,610	42,291	-	996	320
Excess of Revenues Over (Under) Expenditures	(1,187)	15,542	-	186	(150)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	10,952	-	-	-	41
Operating Transfers Out	(7,573)	-	-	-	-
Total Other Financing Sources (Uses)	3,379	-	-	-	41
Excess of Revenues/Other Sources Over (Under) Expenditures/ Other Uses	2,192	15,542	-	186	(109)
FUND BALANCES - JULY 1 - As Previously Reported	51,392	35,937	1,225	3,921	2,891
Prior Period Adjustments	(148,942)	-	(1,225)	-	-
FUND BALANCES - JULY 1 - As Restated	(97,550)	35,937	-	3,921	2,891
FUND BALANCES - JUNE 30	$ (95,358)	$ 51,479	$ -	$ 4,107	$ 2,782

RURAL DEVELOPMENT	RESOURCE INDEMNITY	HISTORICAL SOCIETY GENERAL TRUST	WOODVILLE HIGHWAY	COAST TRADING TRUST	FULLAM ESTATE	SCHOOL FOR DEAF & BLIND	TOTALS YEAR ENDED JUNE 30	
							1988	1987
$ 1	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,798	$ 1,724
142	-	-	15	10	-	-	4,457	52,180
-	-	-	-	-	-	-	140,188	130,839
3	-	-	-	-	-	28	31	30
-	-	-	-	-	-	-	3,333	2,315
-	-	-	-	-	-	-	-	1,091
146	-	-	15	10	-	28	149,807	188,179
-	-	-	9	-	-	-	329	442
-	-	2	-	-	-	28	30	27
89	-	-	-	36	-	-	135,018	131,600
-	-	-	-	-	-	-	4	8
89	-	2	9	36	-	28	135,381	132,077
57	-	(2)	6	(26)	-	-	14,426	56,102
-	-	-	-	-	-	-	10,993	-
-	(331)	-	-	-	-	-	(7,904)	(51,338)
-	(331)	-	-	-	-	-	3,089	(51,338)
57	(331)	(2)	6	(26)	-	-	17,515	4,764
2,022	331	368	241	29	64	-	98,421	92,858
-	-	(51)	-	-	(64)	-	(150,282)	799
2,022	331	317	241	29	-	-	(51,861)	93,657
$ 2,079	$ -	$ 315	$ 247	$ 3	$ -	$ -	$ (34,346)	$ 98,421

MONTANA Before Statehood

"Many of Montana's gold seekers quite literally followed in the wake of the fur traders. Just as the Missouri River had served the trappers and traders as their principal highway, the river carried hundreds of prospectors to Fort Benton, the head of navigation, and thence overland to the goldfields. Every fall, throughout the 1860's, the steamboats carried tons of ore (and many disappointed gold seekers) back downstream to St. Louis. Although infinitely more comfortable than wagon or ox-cart, steamboat travel was not without its disadvantages. A typical journey might include groundings, fires, wrecks, and Indian attacks. One less harrowing journey is described in the journal of David H. Weston, who ultimately became territorial treasurer. Weston had been unsuccessful in his earlier attempts to find the glittering metal in Colorado and Idaho, and prudently included in his cargo on this journey a load of goods with which to open a bootery in Virginia City." (1)

****

"TUESDAY -- [June] 12th -- [1866] -- . . . .Sunday morning early we passed the mouth of the Yellowstone and shortly after Fort Union. Yesterday we spent nearly all day cutting ash wood and have the boat loaded down with this fine fuel. . . .

FRIDAY -- [JUNE] 15th -- What a beautiful morning! Doubly beautiful after our long, cold, stormy weather. Great floods of yellow light pour over the river and tree-green shore. The sky is of that light soft blue so bewitching. I have been sitting in my little room facing the wide open door to take in the glorious light, and richness of this rare morning, and reading one of Dickens's stories. Although I greatly admire his books I cannot sit long unmindful of this charming day, and so I come here to my nook on the guard to revel and rejoice in the sunshine and kindly sky. . . .

Nearly Sunset -- This afternoon we had an exciting time with buffalo of which we have seen large herds today. Right under a steep bank which they could not climb and just at the water's edge we came upon seven, and as the boat approached they took to the river. I fired twice and have the credit given me of bringing down one with the shot that killed him. Others were wounded but only one was killed and he was after some difficulty hauled on board by means of the derrick. He was a large noble looking fellow and his flesh now it is dressed looks finely. It will be quite a luxury to us, which is the first buffalo we have killed. Just as we had got the animal on board the steamer "W. B. Dance" met us and rounded to. We just had time to ". . . (2)

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Narration (1) and an excerpt from a journal (2) on pages 29-30 of the book, Not in Precious Metals Alone, A manuscript History of Montana, published by the Montana Historical Society. Copyright permission courtesy of the Montana Historical Society.

NONEXPENDABLE TRUST FUNDS

Nonexpendable Trust Funds are used to account for assets held by the State in a trustee capacity, where the trust principal may not be expended. A brief description of each Nonexpendable Trust Fund follows.

Permanent Coal Tax Trust - This fund, created by Article IX, Section 5 of the Montana Constitution and administered by the Department of Revenue, receives 50% of all coal tax collections. Principal may be expended only upon affirmative vote by three-fourths of each house of the Legislature.

Land Grants - The Department of State Lands accounts for lands granted to the State for support of public schools and State institutions in this fund.

Resource Indemnity - Taxes paid by persons engaging in or carrying on the business of mining, extracting or producing a mineral are deposited in this fund. Only the net earnings of the trust may be appropriated until the principal reaches $100 million. Interest earnings are expended from a Special Revenue Fund. This fund is administered by the Department of Revenue.

Education Trust - The Department of Commerce administers this fund which receives 18.75% of all coal tax collections. The fund principal is held in trust for the purpose of supporting public schools, vocational-technical centers and the university system in the State.

Parks, Cultural and Aesthetic Projects - Two and one-half percent of coal taxes are credited to this fund by the Department of Revenue. Interest income from the trust is recorded in a Special Revenue Fund and is used for cultural and aesthetic projects through the Montana Arts Council and for the acquisition and maintenance of parks by the Department of Fish, Wildlife and Parks.

BN Geraldine Settlement - Money is held in trust to ensure the availability of funds to pay Burlington Northern (BN) after a three year time period mandated by settlement of a lawsuit. Investment earnings are transferred to an Expendable Trust Fund of the same name.

Real Property Trust - Money received by the Department of Fish, Wildlife and Parks from the sale of real property, from exploration and development of oil, gas and mineral deposits and from lease of department real property is deposited in this fund. Interest is recorded in a Special Revenue Fund and used for developing and maintaining real property of the department.

Noxious Weed Management - The Department of Agriculture accounts for revenues and interest earned on fees charged for the control of noxious weeds in this fund.

Historical Society - Three funds (Jim Bradley Memorial, Thomas Teakle and Merritt Wheeler) account for memorials, bequests and various other contributions to the Montana Historical Society. Investment income is either expended from a Special Revenue Fund, Expendable Trust Fund or added to the principal. The Charles Bair Trust is now reported as an Expendable Trust Fund.

STATE OF MONTANA
Combining Balance Sheet
Nonexpendable Trust Funds
June 30, 1988
(Expressed in Thousands)

	PERMANENT COAL TAX	LAND GRANTS	RESOURCE INDEMNITY	EDUCATION	PARKS, CULTURAL, AESTHETIC PROJECTS
ASSETS:					
Cash/Cash Equivalents	$ 2,766	$ 11,989	$ 26	$ 96	$ 3
Receivables (Net)	8,496	6,121	2,061	329	458
Due from Other Funds	700	332	-	738	-
Equity in Pooled Cash/Investments	61,526	19,589	3,304	26,521	125
Long-Term Loans/Notes Receivable	28,258	323	-	-	-
Investments	285,303	197,006	58,941	8,960	16,501
Land	-	49,399	-	-	-
TOTAL ASSETS	$ 387,049	$ 284,759	$ 64,332	$ 36,644	$ 17,087
LIABILITIES/FUND BALANCES:					
Liabilities:					
Accounts Payable	$ -	$ 5,659	$ -	$ -	$ -
Interfund Loans Payable	-	-	-	-	-
Due to Other Funds	11,598	23,888	2,151	2,083	506
Deferred Revenue	-	-	430	-	-
Total Liabilities	11,598	29,547	2,581	2,083	506
Fund Balances:					
Reserved for Trust Principal	375,451	255,212	61,751	34,561	16,581
Unreserved	-	-	-	-	-
Total Fund Balances	375,451	255,212	61,751	34,561	16,581
TOTAL LIABILITIES/FUND BALANCES	$ 387,049	$ 284,759	$ 64,332	$ 36,644	$ 17,087

BN GERALDINE SETTLEMENT	REAL PROPERTY	NOXIOUS WEED MANAGEMENT	JIM BRADLEY MEMORIAL	THOMAS TEAKLE	MERRITT-WHEELER MEMORIAL	TOTALS - JUNE 30	
						1988	1987
$ 1	$ 33	$ 61	$ 5	$ 3	$ 1	$ 14,984	$ 16,568
-	5	118	-	-	-	17,588	7,750
-	11	-	-	-	-	1,781	15,147
238	1,748	892	55	43	15	114,056	68,317
-	-	-	-	-	-	28,581	22,766
-	494	-	-	-	-	567,205	539,706
-	-	-	-	-	-	49,399	49,399
$ 239	$ 2,291	$ 1,071	$ 60	$ 46	$ 16	$ 793,594	$ 719,653
$ -	$ -	$ -	$ -	$ -	$ -	$ 5,659	$ 5,076
-	-	-	-	-	-	-	32
1	128	-	-	-	-	40,355	11,923
-	-	-	-	-	-	430	403
1	128	-	-	-	-	46,444	17,434
238	2,163	1,071	60	46	16	747,150	702,211
-	-	-	-	-	-	-	8
238	2,163	1,071	60	46	16	747,150	702,219
$ 239	$ 2,291	$ 1,071	$ 60	$ 46	$ 16	$ 793,594	$ 719,653

STATE OF MONTANA
Combining Statement of Revenues, Expenses and Changes in Fund Balances
Nonexpendable Trust Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	PERMANENT COAL TAX	LAND GRANTS	RESOURCE INDEMNITY	EDUCATION	PARKS, CULTURAL, AESTHETIC PROJECTS
OPERATING REVENUES:					
Charges for Services	$ 38	$ 3,992	$ -	$ -	$ -
Investment Earnings	37,316	22,232	6,060	4,958	1,714
Taxes	-	-	4,979	-	-
Rentals/Leases/Royalties	-	22,969	-	-	-
Grants/Contracts/Donations	-	664	-	-	-
Other Operating Revenues	40	-	-	73	-
Total Operating Revenues	37,394	49,857	11,039	5,031	1,714
NONOPERATING REVENUES (EXPENSES):					
Net Gain on Investment Transactions	-	-	-	-	-
Federal Assistance	-	11	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	-	11	-	-	-
Income (Loss) before Operating Transfers	37,394	49,868	11,039	5,031	1,714
Operating Transfers In	35,730	-	-	27	-
Operating Transfers Out	(35,038)	(37,567)	(6,150)	(4,191)	(1,746)
Net Income (Loss)	38,086	12,301	4,889	867	(32)
FUND BALANCES - JULY 1 - As Previously Reported	336,367	242,911	56,862	44,091	16,613
Prior Period Adjustments	998	-	-	-	-
FUND BALANCES - JULY 1 - As Restated	337,365	242,911	56,862	44,091	16,613
Residual Equity Transfers	-	-	-	(10,397)	-
FUND BALANCES - JUNE 30	$ 375,451	$ 255,212	$ 61,751	$ 34,561	$ 16,581

BN GERALDINE SETTLEMENT	REAL PROPERTY	NOXIOUS WEED MANAGEMENT	JIM BRADLEY MEMORIAL	THOMAS TEAKLE	MERRITT-WHEELER MEMORIAL	TOTALS YEAR ENDED JUNE 30	
						1988	1987
$ -	$ 677	$ -	$ -	$ -	$ -	$ 4,707	$ 1,798
41	126	59	6	2	1	72,515	50,060
-	-	187	-	-	-	5,166	4,340
-	53	-	-	-	-	23,022	5,689
-	-	-	-	-	-	664	683
-	-	-	-	-	-	113	39
41	856	246	6	2	1	106,187	62,609
-	-	-	-	-	-	-	4,907
-	-	-	-	-	-	11	-
-	-	-	(4)	-	-	(4)	-
-	-	-	(4)	-	-	7	4,907
41	856	246	2	2	1	106,194	67,516
-	-	-	-	-	-	35,757	36,044
(41)	(126)	-	-	-	-	(84,859)	(52,455)
-	730	246	2	2	1	57,092	51,105
3,000	1,433	825	58	44	15	702,219	687,770
(2,762)	-	-	-	-	-	(1,764)	(1,447)
238	1,433	825	58	44	15	700,455	686,323
-	-	-	-	-	-	(10,397)	(35,209)
$ 238	$ 2,163	$ 1,071	$ 60	$ 46	$ 16	$747,150	$ 702,219

STATE OF MONTANA
Combining Statement of Changes in Financial Position
Nonexpendable Trust Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	PERMANENT COAL TAX	LAND GRANTS	RESOURCE INDEMNITY	EDUCATION	PARKS, CULTURAL, AESTHETIC PROJECTS
SOURCES OF WORKING CAPITAL:					
Operations:					
Net Income (Loss)	$ 38,086	$ 12,301	$ 4,889	$ 867	$ (32)
Working Capital Provided by Operations	38,086	12,301	4,889	867	(32)
Decrease in Long-Term Investments	73,867	218,251	12,601	37,243	4,252
Decrease in Noncurrent Receivables	37,412	57	-	-	-
Total Sources of Working Capital	149,365	230,609	17,490	38,110	4,220
USES OF WORKING CAPITAL:					
Increase in Long-Term Investments	109,186	232,037	23,125	4,547	5,354
Increase in Noncurrent Receivables	43,283	-	-	-	-
Reduction of Fund Equity Due to Prior Period Adjustments	-	-	-	-	-
Reduction of Fund Equity Due to Residual Equity Transfers	-	-	-	10,397	-
Total Uses of Working Capital	152,469	232,037	23,125	14,944	5,354
Net Increase (Decrease) in Working Capital	$ (3,104)	$ (1,428)	$ (5,635)	$ 23,166	$ (1,134)
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:					
Cash/Cash Equivalents	$ 817	$ (1,673)	$ 26	$ (300)	$ (228)
Receivables (Net)	1,005	479	1,539	(936)	456
Due from Other Funds	(13,121)	(2,571)	(1)	738	(53)
Equity in Pooled Cash/Investments	(2,401)	19,589	(5,353)	22,855	(803)
Accounts Payable	-	(583)	-	-	-
Interfund Loans Payable	-	-	32	-	-
Due to Other Funds	10,596	(16,669)	(1,851)	809	(506)
Deferred Revenue	-	-	(27)	-	-
Net Increase (Decrease) in Working Capital	$ (3,104)	$ (1,428)	$ (5,635)	$ 23,166	$ (1,134)

REAL PROPERTY	NOXIOUS WEED MANAGEMENT	JIM BRADLEY MEMORIAL	THOMAS TEAKLE	MERRITT-WHEELER MEMORIAL	TOTALS YEAR ENDED JUNE 30	
					1988	1987
$ 730	$ 246	$ 2	$ 2	$ 1	$ 57,092	$ 51,105
730	246	2	2	1	57,092	51,105
787	290	-	-	-	347,291	288,360
-	-	-	-	-	37,469	3,200
1,517	536	2	2	1	441,852	342,665
542	-	-	-	-	374,791	446,680
-	-	-	-	-	43,283	12,396
-	-	-	-	-	-	1,447
-	-	-	-	-	10,397	35,209
542	-	-	-	-	428,471	495,732
$ 975	$ 536	$ 2	$ 2	$ 1	$ 13,381	$(153,067)
$ 26	$ (247)	$ (6)	$ 1	$ (1)	$ (1,585)	$ 10,990
5	(68)	-	-	-	2,480	6,734
10	-	-	-	-	(14,998)	12,213
1,060	851	8	1	2	35,809	(169,342)
-	-	-	-	-	(583)	(5,076)
-	-	-	-	-	32	(32)
(126)	-	-	-	-	(7,747)	(8,178)
-	-	-	-	-	(27)	(376)
$ 975	$ 536	$ 2	$ 2	$ 1	$ 13,381	$(153,067)

MONTANA *Before Statehood*

"While Montana's isolation spawned violence, immorality and harsh living conditions, it also lent an importance to glee clubs, debating societies, and theatrical performances that cultural activities have seldom since enjoyed in Montana. Typical of the schizoid character of Life were the recollections of Henry J. Bose, a placer miner who arrived in Helena when it was still a "hell-roaring camp," full of temptations and dreams. Bose clearly indicated that he enjoyed having a good time, but he was greatly relieved when the influential Masons found him worthy of membership." (1)

****

" ....I must mention right here when we got to Last Chance, it was certainly a Hell-roaring Camp, wild I had never seen the likes before as we went up the Gulch. The claims were all working hard.... We walked along, on corner of wood Street, Jo and Frank's Corner and across was Dan Florey's [Floweree] large place. We went in. Two Faro Tables running one Spanish Monti and 2 more large tables all running. 2 round tables of Poker, and the bar with 2-3 Barkeepers all busy. It was a great sight, but no rowdiness I noticed at the Faro Tables. Lots of well-dressed men. Men that looked like business men, lawyers or other professional men, all playing, sitting along side common miners in blue flannel shirts, no coats....it was good to look at, occassionally you would see a fellow get up, and go off rather looking a little blue, but not a word.

In the Spring...,to my great surprise our claim paid fairly well. I had some money "Dust." Mr. Kleinsmith in the Bank made me to open an account and I became a man miner, a self Riser, as all were called that came from the Pacific. There were three distinct classes of People here. First the Self-risers, the ones from Colorado, and the poor trash Tenderfeet that came from the East. Pike's Peakers, the ones who came from Colorado. The Self-risers... were principal old miners....

As I did not drink, although I was no angel, I fooled my money away, but not too much. But could a poor miner help it? Here was a town all full of temptation, gambling, dance halls, etc., and us poor miners had to help them keep up and many a one especially if they drank went to excess....

The winter... was a cold one. I came to town, and rented a good cabin with George Booker. We were good chums, and spent a pleasant winter. In the Spring I got a claim in Blue Cloud Gulch.... My claim in Blue Cloud paid good wages, but nothing big, and it was worked out during the season. I went to a couple of stampedes, but found nothing. Of Course, we miners never worried about how to get our next claim. We thought there was no end to it. We always lived in a dream". . . (2)

****

Narration (1) and an excerpt from a book (2) on page 44 of the book, Not in Precious Metals Alone, A manuscript History of Montana, published by the Montana Historical Society. Copyright permission courtesy of the Montana Historical Society.

PENSION TRUST FUNDS

The Pension Trust Funds are used to account for public employee retirement systems. A brief description of each Pension Trust Fund follows.

Public Employees' Retirement System (PERS) - This fund accounts for the accumulation of resources used to pay retirement, disability and death benefits to qualified public employees. This fund also accounts for the administrative costs of the Public Employees' Retirement Division, Department of Administration, which administers the activities of PERS and the following seven retirement systems. These costs are paid from investment earnings on public employee social security withholdings. The system is funded from employer and employee contributions.

Teachers' Retirement System - This fund accounts for resources used and the administrative costs of providing financial benefits to members of the public teaching profession after their retirement or upon becoming disabled. The system is funded from employer and employee contributions.

Municipal Police Officers' Retirement System - This fund accounts for resources used to pay retirement, disability and death benefits to qualifying police officers employed by first and second class cities. The system is funded from member, State and city contributions.

Unified Firefighters' Retirement System - This fund accounts for the accumulation of resources used to pay retirement, disability and death benefits to firefighters employed by first and second class cities and other cities electing coverage. In addition to employer and employee contributions, the State contributes a portion of insurance premium taxes collected.

Sheriff's Retirement System - This fund accounts for member and county contributions to pay retirement, disability and death benefits to qualifying sheriffs.

Highway Patrolmen's Retirement System - This fund accounts for member and State contributions to pay retirement, disability and death benefits to qualifying highway patrolmen.

Judges' Retirement System - This fund accounts for member and State contributions used to pay retirement, disability and death benefits to Montana's judges. The system is also funded from a percentage of court fees collected.

Game Wardens' Retirement System - This fund accounts for the accumulation of resources used to pay retirement, disability and death benefits to game wardens employed by the State. In addition to employer and employee contributions, this fund receives fines and forfeitures generated from fish and wildlife violations.

Volunteer Firefighters' of Unincorporated Areas Retirement System - This fund accounts for benefit payments to qualified volunteer firefighters. Benefit payments are based upon the amount of insurance premium taxes collected in the preceding year.

STATE OF MONTANA
Combining Balance Sheet
Pension Trust Funds
June 30, 1988
(Expressed in Thousands)

	PERS	TEACHERS	MUNICIPAL POLICE	FIREFIGHTERS UNIFIED	SHERIFFS
ASSETS:					
Cash/Cash Equivalents	$ 6,187	$ 4,633	$ 197	$ 280	$ 237
Receivables (Net)	14,851	15,622	766	720	695
Interfund Loans Receivable	-	-	-	-	-
Due from Other Funds	1,107	515	2,578	3,109	-
Equity in Pooled Cash/Investments	87,912	86,752	2,345	1,749	3,081
Investments	571,345	448,409	22,299	20,890	21,485
Deferred (Gains) Losses	11,755	6,069	253	(105)	258
Land	25	35	-	-	-
Buildings/Improvements	183	159	-	-	-
Equipment	120	61	-	-	-
Accumulated Depreciation	(129)	(92)	-	-	-
Intangible Assets	9	5	-	-	-
TOTAL ASSETS	$ 693,365	$ 562,168	$ 28,438	$ 26,643	$ 25,756
LIABILITIES/FUND BALANCES:					
Liabilities:					
Accounts Payable	$ 537	$ 723	$ -	$ -	$ 19
Interfund Loans Payable	-	-	-	-	-
Due to Other Governments	-	6	-	-	-
Due to Other Funds	27	24	14	14	10
Deferred Revenue	1	-	-	-	-
Property Held in Trust	-	43	-	-	-
Compensated Absences Payable	47	22	-	-	-
Other Liabilities	-	-	-	-	-
Total Liabilities	612	818	14	14	29
Fund Balances:					
Reserved for Retirement Systems	692,753	561,350	28,424	26,629	25,727
Total Fund Balances	692,753	561,350	28,424	26,629	25,727
TOTAL LIABILITIES/FUND BALANCES	$ 693,365	$ 562,168	$ 28,438	$ 26,643	$ 25,756

HIGHWAY PATROL	JUDGES	GAME WARDENS	VOLUNTEER FIREFIGHTERS	TOTALS - JUNE 30	
				1988	1987
$ 183	$ 149	$ 58	$ 46	$ 11,970	$ 3,405
496	232	210	133	33,725	30,757
-	-	-	-	-	50
47	10	36	532	7,934	9,538
2,361	1,481	1,501	238	187,420	218,363
17,433	8,231	7,018	5,001	1,122,111	968,784
389	156	134	53	18,962	16,796
-	-	-	-	60	60
-	-	-	-	342	341
-	-	-	-	181	169
-	-	-	-	(221)	(216)
-	-	-	-	14	-
$ 20,909	$ 10,259	$ 8,957	$ 6,003	$ 1,382,498	$ 1,248,047
$ -	$ -	$ -	$ -	$ 1,279	$ 1,553
-	-	-	-	-	50
-	-	-	-	6	-
6	1	2	7	105	1,866
-	-	-	-	1	2
-	-	-	-	43	-
-	-	-	-	69	72
-	-	-	-	-	1
6	1	2	7	1,503	3,544
20,903	10,258	8,955	5,996	1,380,995	1,244,503
20,903	10,258	8,955	5,996	1,380,995	1,244,503
$ 20,909	$ 10,259	$ 8,957	$ 6,003	$ 1,382,498	$ 1,248,047

STATE OF MONTANA
Combining Statement of Revenues, Expenses and Changes in Fund Balances
Pension Trust Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	PERS	TEACHERS	MUNICIPAL POLICE	FIREFIGHTERS UNIFIED	SHERIFFS
OPERATING REVENUES:					
Charges for Services	$ -	$ -	$ -	$ -	$ -
Investment Earnings	64,247	51,529	2,551	2,256	2,517
Contributions/Premiums	53,651	57,291	4,498	4,893	1,620
Other Operating Revenues	39	494	-	-	-
Total Operating Revenues	117,937	109,314	7,049	7,149	4,137
Intrafund Revenues	(2,071)	-	-	-	-
Net Operating Revenues	115,866	109,314	7,049	7,149	4,137
OPERATING EXPENSES:					
Personal Services	443	228	-	-	-
Contractual Services	192	110	-	-	-
Supplies/Materials	6	16	-	-	-
Expendable Equipment	1	1	-	-	-
Benefits	43,886	44,207	3,990	4,013	440
Refunds	9,294	6,935	101	59	439
Depreciation	15	11	-	-	-
Utilities/Rent	20	41	-	-	-
Communications	45	28	-	-	-
Travel	8	7	-	-	-
Repair/Maintenance	6	4	-	-	-
Other Operating Expenses	-	3	14	14	10
Total Operating Expenses	53,916	51,591	4,105	4,086	889
Intrafund Expenses	(2,071)	-	-	-	-
Net Operating Expenses	51,845	51,591	4,105	4,086	889
Operating Income (Loss)	64,021	57,723	2,944	3,063	3,248
NONOPERATING REVENUES (EXPENSES):					
Gain (Loss) Sale of Fixed Assets	(22)	(12)	-	-	-
Total Nonoperating Revenues (Expenses)	(22)	(12)	-	-	-
Net Income (Loss)	63,999	57,711	2,944	3,063	3,248
FUND BALANCES - JULY 1 - As Previously Reported	628,759	503,575	25,480	23,566	22,479
Prior Period Adjustments	(5)	64	-	-	-
FUND BALANCES - JULY 1 - As Restated	628,754	503,639	25,480	23,566	22,479
FUND BALANCES - JUNE 30	$ 692,753	$ 561,350	$ 28,424	$ 26,629	$ 25,727

HIGHWAY PATROL	JUDGES	GAME WARDENS	VOLUNTEER FIREFIGHTERS	TOTALS YEAR ENDED JUNE 30	
				1988	1987
$ -	$ -	$ -	$ -	$ -	$ 655
1,927	948	844	516	127,335	122,547
1,936	739	638	532	125,798	126,180
1	-	2	58	594	36
3,864	1,687	1,484	1,106	253,727	249,418
-	-	-	-	(2,071)	(221)
3,864	1,687	1,484	1,106	251,656	249,197
-	-	-	-	671	724
-	-	-	-	302	303
-	-	-	-	22	19
-	-	-	-	2	2
1,388	447	432	329	99,132	89,920
3	-	36	-	16,867	14,056
-	-	-	-	26	23
-	-	-	-	61	48
-	-	-	-	73	71
-	-	-	-	15	13
-	-	-	-	10	32
6	1	2	29	79	113
1,397	448	470	358	117,260	105,324
-	-	-	-	(2,071)	(221)
1,397	448	470	358	115,189	105,103
2,467	1,239	1,014	748	136,467	144,094
-	-	-	-	(34)	(2)
-	-	-	-	(34)	(2)
2,467	1,239	1,014	748	136,433	144,092
18,436	9,019	7,941	5,248	1,244,503	1,100,405
-	-	-	-	59	6
18,436	9,019	7,941	5,248	1,244,562	1,100,411
$ 20,903	$10,258	$ 8,955	$ 5,996	$ 1,380,995	$ 1,244,503

STATE OF MONTANA
Combining Statement of Changes in Financial Position
Pension Trust Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

	PERS	TEACHERS	MUNICIPAL POLICE	FIREFIGHTERS UNIFIED	SHERIFFS
SOURCES OF WORKING CAPITAL:					
Operations:					
Net Income (Loss)	$ 63,999	$ 57,711	$ 2,944	$ 3,063	$ 3,248
Items Not Requiring Working Capital:					
Depreciation	15	11	-	-	-
Amortization of Net (Gain) Loss on Securities Exchanged	1,075	846	10	(17)	7
Working Capital Provided by Operations	65,089	58,568	2,954	3,046	3,255
Decrease in Long-Term Investments	126,791	104,828	5,236	5,011	4,596
Disposal of Fixed Assets	42	14	-	-	-
Increase in Compensated Absences Payable	-	1	-	-	-
Addition to Fund Equity Due to Prior Period Adjustments	-	-	-	-	-
Total Sources of Working Capital	191,922	163,411	8,190	8,057	7,851
USES OF WORKING CAPITAL:					
Increase in Long-Term Investments	217,995	158,102	7,328	9,536	7,111
Acquisition of Fixed Assets	74	34	-	-	-
Decrease in Compensated Absences Payable	5	-	-	-	-
Total Uses of Working Capital	218,074	158,136	7,328	9,536	7,111
Net Increase (Decrease) in Working Capital	$ (26,152)	$ 5,275	$ 862	$ (1,479)	$ 740
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:					
Cash/Cash Equivalents	$ 4,998	$ 3,650	$ 4	$ (360)	$ 133
Receivables (Net)	1,116	1,628	29	112	17
Interfund Loans Receivable	-	-	-	(40)	(10)
Due from Other Funds	(1,728)	160	71	76	(194)
Inventories	-	-	-	-	-
Equity in Pooled Cash/Investments	(32,213)	(195)	751	(1,274)	746
Accounts Payable	126	96	-	-	44
Interfund Loans Payable	-	-	-	-	-
Due to Other Governments	-	(6)	-	-	-
Due to Other Funds	1,548	(16)	7	7	4
Deferred Revenue	1	-	-	-	-
Property Held in Trust	-	(43)	-	-	-
Other Liabilities	-	1	-	-	-
Net Increase (Decrease) in Working Capital	$ (26,152)	$ 5,275	$ 862	$ (1,479)	$ 740

				TOTALS YEAR ENDED JUNE 30	
HIGHWAY PATROL	JUDGES	GAME WARDENS	VOLUNTEER FIREFIGHTERS	1988	1987
$ 2,467	$ 1,239	$ 1,014	$ 748	$ 136,433	$ 144,092
-	-	-	-	26	23
25	6	15	3	1,970	2,103
2,492	1,245	1,029	751	138,429	146,218
3,687	2,131	1,845	1,008	255,133	348,586
-	-	-	-	56	2
-	-	-	-	1	61
-	-	-	-	-	6
6,179	3,376	2,874	1,759	393,619	494,873
5,632	3,050	2,451	1,391	412,596	498,625
-	-	-	-	108	18
-	-	-	-	5	70
5,632	3,050	2,451	1,391	412,709	498,713
$ 547	$ 326	$ 423	$ 368	$ (19,090)	$ (3,840)
$ (20)	$ 88	$ 30	$ 41	$ 8,564	$ (98,400)
49	23	(3)	(3)	2,968	2,783
-	-	-	-	(50)	50
(1)	(61)	23	48	(1,606)	1,998
-	-	-	-	-	(6)
304	274	371	232	(31,004)	91,562
8	-	-	-	274	(17)
10	-	-	40	50	(50)
-	-	-	-	(6)	-
197	2	2	10	1,761	(1,808)
-	-	-	-	1	(2)
-	-	-	-	(43)	51
-	-	-	-	1	(1)
$ 547	$ 326	$ 423	$ 368	$ (19,090)	$ (3,840)

MONTANA Before Statehood

"Horse stealing, to the Indian more sport than thievery, caused continuing problems. Whites, raised in an acquisitive, goods-oriented culture, could not comprehend the Indian attitude toward such expeditions and protested strongly to local authorities. Victor, a friend to the whites, attempted to maintain good relations between his people and the encroaching newcomers. To forestall conflict, he returned the white man's property. In his letter to Governor Edgerton, however, his desire for peace mingled with his resentment at the loss of his homelands. An imprecise treaty, signed in 1855, appeared to him to secure the Bitterroot for his tribe, but whites chose to interpret it differently. The Salish resisted continuous pressure to move to an agency on the Jocko. Begun with the first white settlement, this demand finally forced the Indians' exodus, in 1891, from the Bitterroot Valley." (1)

****

"Four horses have been stolen by some of our young men, but I cannot find them in the camp. Therefore I, Victor the chief, send you four horses of our own,...and I...send to you the Chief of the whites, a horse of mine, which I present you with for yourself.

I send back also five oxen found, not stolen by our men, from below the Marias. You will see to whom do they belong...

Now I address myself to you the Great Chief of the Whites of this country. Some of the big men among the white settlers in this our land, spoke to drive us away from our country. This thing vexed a great deal me, and all other Chiefs, and all my children. I Victor, therefore do send you the horse above mentioned to pray you to take pity on us, and to put an end to such talkings, and to stop the whites from building themselves houses in our land guaranteed to us by Treaty. We are almost given to dispondency seeing every day new houses started up, and farms taken by whites in our land. We got this spring some ploughs from [the] Government, and we are all busy, and in great earnest to make ourselves fields; but after a little while there will be no more room for us in our own country, if you do not stop the whites....

I, Victor, spoke already to my children not to go to war. But you must tell your white children to give nothing to eat to these warriors or horse stealers both Snakes, or Flatheads, but to let them starve. Though our boys go not much to war,...other indians of other tribes go, and say to the whites that they are Flatheads, because we are good friends with the whites.

The last favor that I and all my fellow Chiefs beg from you, is, that you would give order to the whites settled in our valley to sell no wisky to our boys, who go to buy it against our will. I, Victor,". . . (2)

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Narration (1) and an excerpt from a letter (2) on pages 56-57 of the book, Not in Precious Metals Alone, A manuscript History of Montana, published by the Montana Historical Society. Copyright permission courtesy of the Montana Historical Society.

AGENCY FUNDS

The Agency Funds are used to account for assets held by the State as an agent for individuals, private organizations, other governments and other funds. A brief description of each Agency Fund follows.

Investment Pool - This fund accounts for idle cash invested on a pooled basis. Investment earnings on State funds are accounted for as revenue in either the fund providing the cash for investment or in the fund from which the earnings will be expended.

Employees' Deferred Compensation - State employees may defer a part of their compensation for the purpose of investment. This fund accounts for employee withholdings transferred to investing entities for allocation to employee designated investment plans.

Land Grant Interest - This fund accounts for interest and income earnings on nonexpendable trusts administered by the Department of State Lands pending distribution to units of the university system and State institutions.

Performance Deposits - This fund accounts for deposits held by the State pending compliance with performance agreements.

Central Payroll - This fund accounts for the accumulation of State employees' payroll and withholdings by the State Auditor's Office pending remittance to employees and other appropriate third parties.

Industrial Insurance Liquidation - This fund, administered by the Division of Workers' Compensation, Department of Labor and Industry, accounts for surety bonds, converting the bonds into cash to liquidate liabilities as necessary.

Custodial Accounts - Monies belonging to State institution residents, students of the School for the Deaf and Blind, participants in the foster children and protective services programs and balances held by the Commissioner of Higher Education's Office for remittance, on behalf of eligible employees of the Montana University System, to the TIAA-CREF retirement fund are accounted for in this fund.

Unissued Warrants - This fund reports the amount of warrants authorized by agency claims but not written or not mailed by fiscal year-end.

Child Support Collections - This fund accounts for payments from parents under the Child Support Enforcement Program, Department of Revenue.

Unclaimed Property - This fund accounts for property held by State agencies pending claim by the person entitled thereto. It includes, for example, proceeds from the sale of abandoned property, escheated and undistributed estates, stale-dated State warrants and unclaimed wages.

Intergovernmental - This fund accounts for resources that flow through State agencies to federal and local governments.

A & E Advances - This fund accounts for monies advanced by other agencies to the Department of Administration's Architecture and Engineering (A & E) Division for minor capital projects. The capital outlay expenditures are recorded in the funds which advanced the money.

Uncleared Collections - This fund accounts for resources held pending distribution to other funds and local governments. Amounts due to other State funds have been recorded as a receivable and revenue in those funds.

Bad Debts - This fund, administered by the Department of Revenue, accounts for amounts due to the State which have been written off as uncollectible by the receiving agency. The Department of Revenue continues to attempt to collect amounts owing for a period of time after they are deemed uncollectible by the receiving agency.

STATE OF MONTANA
Combining Balance Sheet
Agency Funds
June 30, 1988
(Expressed in Thousands)

	INVESTMENT POOL	EMPLOYEES DEFERRED COMP.	LAND GRANT INTEREST	PERFORM. DEPOSITS	CENTRAL PAYROLL	INDUSTRIAL INSURANCE LIQUIDATION	CUSTODIAL ACCOUNTS
ASSETS:							
Cash/Cash Equivalents	$ 16	$ -	$ 6	$ 5,386	$ 5,446	$ -	$ 1,745
Receivables (Net)	7,390	-	-	19	-	-	-
Due from Other Governments	-	-	-	-	-	-	-
Due from Other Funds	-	286	-	-	9,860	-	50
Equity in Pooled Cash/Investments	248,907	-	-	-	-	-	52
Investments	-	47,779	-	-	-	-	-
Other Assets	-	-	-	2,181	-	21,665	-
TOTAL ASSETS	$ 256,313	$ 48,065	$ 6	$ 7,586	$ 15,306	$ 21,665	$ 1,847
LIABILITIES:							
Accounts Payable	$ 10	$ 1	$ -	$ 57	$ -	$ -	$ 76
Interfund Loans Payable	-	-	-	-	-	-	-
Due to Other Governments	74,310	-	-	-	-	-	-
Due to Other Funds	-	-	6	23	2,667	-	868
Property Held in Trust	181,993	48,064	-	5,963	12,639	21,665	903
Other Liabilities	-	-	-	1,543	-	-	-
TOTAL LIABILITIES	$ 256,313	$ 48,065	$ 6	$ 7,586	$ 15,306	$ 21,665	$ 1,847

UNISSUED WARRANTS	CHILD SUPPORT COLLECTIONS	UNCLAIMED PROPERTY	INTER-GOVERNMENTAL	A & E ADVANCES	UNCLEARED COLLECTIONS	BAD DEBTS	TOTALS - JUNE 30	
							1988	1987
$ 2,437	$ 30	$ 724	$ 106	$ 190	$ 1,002	$ 43	$ 17,131	$ 44,591
-	-	31	5	-	-	-	7,445	4,377
-	-	-	23	-	-	-	23	109
-	5	-	144	147	-	-	10,492	13,319
-	714	-	364	-	-	-	250,037	274,423
-	-	-	-	-	-	-	47,779	40,213
-	-	-	-	-	-	-	23,846	16,149
$ 2,437	$ 749	$ 755	$ 642	$ 337	$ 1,002	$ 43	$ 356,753	$ 393,181
$ -	$ 15	$ -	$ 145	$ 161	$ -	$ -	$ 465	$ 535
-	-	-	-	-	-	-	-	25
-	-	-	374	-	-	-	74,684	51,037
-	732	4	103	6	804	16	5,229	30,979
2,437	2	751	20	170	198	27	274,832	309,133
-	-	-	-	-	-	-	1,543	1,472
$ 2,437	$ 749	$ 755	$ 642	$ 337	$ 1,002	$ 43	$ 356,753	$ 393,181

STATE OF MONTANA

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

FUND	BALANCE July 1, 1987	Additions	Deductions	BALANCE June 30, 1988
INVESTMENT POOL:				
ASSETS				
Cash/Cash Equivalents	$ 146	$ 27,017,644	$ 27,017,774	$ 16
Receivables (Net)	4,329	9,413	6,352	7,390
Equity in Pooled Cash/Investments	261,716	1,351,564	1,364,373	248,907
Total Assets	$ 266,191	$ 28,378,621	$ 28,388,499	$ 256,313
LIABILITIES				
Accounts Payable	$ 1	$ 12	$ 3	$ 10
Due to Other Governments	50,699	151,722	128,111	74,310
Due to Other Funds	20	-	20	-
Property Held in Trust	215,471	2,409,225	2,442,703	181,993
Total Liabilities	$ 266,191	$ 2,560,959	$ 2,570,837	$ 256,313
EMPLOYEES DEFERRED COMP.:				
ASSETS				
Cash/Cash Equivalents	$ 201	$ 6,189	$ 6,390	$ -
Receivables (Net)	15	-	15	-
Due from Other Funds	79	286	79	286
Investments	40,213	8,415	849	47,779
Total Assets	$ 40,508	$ 14,890	$ 7,333	$ 48,065
LIABILITIES				
Accounts Payable	$ 1	$ 1	$ 1	$ 1
Property Held in Trust	40,507	8,229	672	48,064
Total Liabilities	$ 40,508	$ 8,230	$ 673	$ 48,065
LAND GRANT INTEREST:				
ASSETS				
Cash/Cash Equivalents	$ 21,160	$ 6,002	$ 27,156	$ 6
Due from Other Funds	5,929	52	5,981	-
Total Assets	$ 27,089	$ 6,054	$ 33,137	$ 6
LIABILITIES				
Due to Other Funds	$ 27,089	$ 58	$ 27,141	$ 6
PERFORM. DEPOSITS:				
ASSETS				
Cash/Cash Equivalents	$ 6,062	$ 41,839	$ 42,515	$ 5,386
Receivables (Net)	5	18	4	19
Equity in Pooled Cash/Investments	12,319	5,388	17,707	-
Other Assets	715	3,935	2,469	2,181
Total Assets	$ 19,101	$ 51,180	$ 62,695	$ 7,586
LIABILITIES				
Accounts Payable	$ 16	$ 269	$ 228	$ 57
Due to Other Funds	21	23	21	23
Property Held in Trust	17,592	17,712	29,341	5,963
Other Liabilities	1,472	7,291	7,220	1,543
Total Liabilities	$ 19,101	$ 25,295	$ 36,810	$ 7,586
CENTRAL PAYROLL:				
ASSETS				
Cash/Cash Equivalents	$ 10,130	$ 275,079	$ 279,763	$ 5,446
Due from Other Funds	7,128	9,861	7,129	9,860
Total Assets	$ 17,258	$ 284,940	$ 286,892	$ 15,306
LIABILITIES				
Due to Other Funds	$ 1,693	$ 2,669	$ 1,695	$ 2,667
Property Held in Trust	15,565	277,793	280,719	12,639
Total Liabilities	$ 17,258	$ 280,462	$ 282,414	$ 15,306

Continued on next page.

STATE OF MONTANA
Combining Statement of Changes in Assets and Liabilities - Continued
Agency Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

FUND	BALANCE July 1, 1987	Additions	Deductions	BALANCE June 30, 1988
INDUSTRIAL INSURANCE LIQUIDATION:				
ASSETS				
Other Assets	$ 15,434	$ 7,292	$ 1,061	$ 21,665
LIABILITIES				
Property Held in Trust	$ 15,434	$ 7,292	$ 1,061	$ 21,665
CUSTODIAL ACCOUNTS:				
ASSETS				
Cash/Cash Equivalents	$ 1,759	$ 3,918	$ 3,932	$ 1,745
Receivables	14	73	87	-
Due from Other Funds	-	50	-	50
Equity in Pooled Cash/Investments	52	52	52	52
Total Assets	$ 1,825	$ 4,093	$ 4,071	$ 1,847
LIABILITIES				
Accounts Payable	$ 2	$ 76	$ 2	$ 76
Due to Other Funds	981	562	675	868
Property Held in Trust	842	2,977	2,916	903
Total Liabilities	$ 1,825	$ 3,615	$ 3,593	$ 1,847
UNISSUED WARRANTS:				
ASSETS				
Cash/Cash Equivalents	$ 1,655	$ 2,947,940	$ 2,947,158	$ 2,437
LIABILITIES				
Property Held in Trust	$ 1,655	$ 2,977,155	$ 2,976,373	$ 2,437
CHILD SUPPORT COLLECTIONS:				
ASSETS				
Cash/Cash Equivalents	$ 1,647	$ 7,666	$ 9,283	$ 30
Due from Other Funds	3	5	3	5
Equity in Pooled Cash/Investments	-	1,113	399	714
Total Assets	$ 1,650	$ 8,784	$ 9,685	$ 749
LIABILITIES				
Accounts Payable	$ -	$ 15	$ -	$ 15
Due to Other Funds	806	732	806	732
Property Held in Trust	844	-	842	2
Total Liabilities	$ 1,650	$ 747	$ 1,648	$ 749
UNCLAIMED PROPERTY:				
ASSETS				
Cash/Cash Equivalents	$ 809	$ 1,718	$ 1,803	$ 724
Receivables (Net)	13	31	13	31
Total Assets	$ 822	$ 1,749	$ 1,816	$ 755
LIABILITIES				
Accounts Payable	$ 16	$ -	$ 16	$ -
Due to Other Funds	87	4	87	4
Property Held in Trust	719	830	798	751
Total Liabilities	$ 822	$ 834	$ 901	$ 755
INTERGOVERNMENTAL:				
ASSETS				
Cash/Cash Equivalents	$ 331	$ 35,017	$ 35,242	$ 106
Receivables (Net)	1	6	2	5
Due from Other Governments	109	24	110	23
Due from Other Funds	20	253	129	144
Equity in Pooled Cash/Investments	336	36	8	364
Total Assets	$ 797	$ 35,336	$ 35,491	$ 642

Continued on next page.

STATE OF MONTANA
Combining Statement of Changes in Assets and Liabilities - Continued
Agency Funds
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

FUND	BALANCE July 1, 1987	Additions	Deductions	BALANCE June 30, 1988
INTERGOVERNMENTAL (continued):				
LIABILITIES				
Accounts Payable	$ 368	$ 384	$ 607	$ 145
Due to Other Governments	338	36	-	374
Due to Other Funds	55	212	164	103
Property Held in Trust	36	1,894	1,910	20
Total Liabilities	$ 797	$ 2,526	$ 2,681	$ 642
A & E ADVANCES:				
ASSETS				
Cash/Cash Equivalents	$ 314	$ 2,526	$ 2,650	$ 190
Due from Other Funds	155	211	219	147
Total Assets	$ 469	$ 2,737	$ 2,869	$ 337
LIABILITIES				
Accounts Payable	$ 123	$ 161	$ 123	$ 161
Due to Other Funds	17	69	80	6
Property Held in Trust	329	2,268	2,427	170
Total Liabilities	$ 469	$ 2,498	$ 2,630	$ 337
UNCLEARED COLLECTIONS:				
ASSETS				
Cash/Cash Equivalents	$ 327	$ 274,840	$ 274,165	$ 1,002
Due from Other Funds	5	5	10	-
Total Assets	$ 332	$ 274,845	$ 274,175	$ 1,002
LIABILITIES				
Accounts Payable	$ 8	$ 7	$ 15	$ -
Due to Other Funds	208	804	208	804
Property Held in Trust	116	366	284	198
Total Liabilities	$ 332	$ 1,177	$ 507	$ 1,002
BAD DEBTS:				
ASSETS				
Cash/Cash Equivalents	$ 50	$ 1,229	$ 1,236	$ 43
LIABILITIES				
Interfund Loans Payable	$ 25	$ 25	$ 50	$ -
Due to Other Funds	2	16	2	16
Property Held in Trust	23	463	459	27
Total Liabilities	$ 50	$ 504	$ 511	$ 43
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash/Cash Equivalents	$ 44,591	$ 30,621,607	$ 30,649,067	$ 17,131
Receivables (Net)	4,377	9,541	6,473	7,445
Due from Other Governments	109	24	110	23
Due from Other Funds	13,319	10,723	13,550	10,492
Equity in Pooled Cash/Investments	274,423	1,358,153	1,382,539	250,037
Investments	40,213	8,415	849	47,779
Other Assets	16,149	11,227	3,530	23,846
TOTAL ASSETS	$ 393,181	$ 32,019,690	$ 32,056,118	$ 356,753
LIABILITIES				
Accounts Payable	$ 535	$ 925	$ 995	$ 465
Interfund Loans Payable	25	25	50	-
Due to Other Governments	51,037	151,758	128,111	74,684
Due to Other Funds	30,979	5,149	30,899	5,229
Property Held in Trust	309,133	5,706,204	5,740,505	274,832
Other Liabilities	1,472	7,291	7,220	1,543
TOTAL LIABILITIES	$ 393,181	$ 5,871,352	$ 5,907,780	$ 356,753

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is maintained to account for fixed assets acquired or constructed for use in operations which are accounted for in governmental funds. These include all fixed assets except those of the Enterprise, Internal Service, Nonexpendable Trust, Pension Trust and Higher Education Funds.

STATE OF MONTANA
Schedule of General Fixed Assets by Source
June 30,1988
(Expressed in Thousands)

General Fixed Assets:		
Land	$	46,438
Buildings/Other Improvememts		184,956
Equipment		67,837
Other Fixed Assets		27,300
Construction in Progress		2,650
Total General Fixed Assets	$	329,181
		===========
Investments in General Fixed Assets From:		
General Fund Fixed Assets	$	169,682
State and Other Special Revenue Fund Fixed Assets		81,439
Federal Special Revenue Fund Fixed Assets		32,402
Capital Projects Fund Fixed Assets		8,105
Expendable Trust Fund Fixed Assets		37
Donated Fixed Assets		37,516
Total Investments in General Fixed Assets	$	329,181
		===========

STATE OF MONTANA
Schedule of General Fixed Assets by Function and Activity
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

Function and Activity	Land	Buildings and Improvements	Equipment	Other Fixed Assets	Total
General Government					
Legislative	$ -	$ -	$ 982	$ -	$ 982
Executive	2,491	32,667	4,505	74	39,737
Judicial	-	-	679	-	679
Total General Government	2,491	32,667	6,166	74	41,398
Public Safety/Corrections					
Law Enforcement	205	10,908	295	-	11,408
Corrections	2,136	33,070	5,116	7	40,329
Professional/Business Regulation	-	-	1,071	15	1,086
Safety	-	676	7,953	3	8,632
Total Public Safety/Corrections	2,341	44,654	14,435	25	61,455
Transportation	4,735	29,295	9,566	-	43,596
Health/Social Services					
Health/Environment	-	300	4,058	-	4,358
Social Services/Welfare	232	5,042	3,152	-	8,426
Mental Health	87	24,980	4,666	-	29,733
Veterans Affairs	-	2,616	537	-	3,153
Total Health/Social Services	319	32,938	12,413	-	45,670
Educational/Cultural					
Educational	119	8,177	3,869	1,067	13,232
Cultural	186	379	361	26,133	27,059
Total Educational/Cultural	305	8,556	4,230	27,200	40,291
Resource Development/Recreation					
Resource Development	2,928	20,052	7,976	-	30,956
Recreation	33,001	9,765	4,504	-	47,270
Agricultural	-	-	776	-	776
Total Resource Development/Recreation	35,929	29,817	13,256	-	79,002
Economic Development/Assistance	318	7,029	7,771	1	15,119
Construction in Progress	-	-	-	-	2,650
Total General Fixed Assets	$ 46,438	$ 184,956	$ 67,837	$ 27,300	$ 329,181

STATE OF MONTANA
Schedule of Changes in General Fixed Assets by Function and Activity
For the Fiscal Year Ended June 30, 1988
(Expressed in Thousands)

Function and Activity	General Fixed Assets 7/1/87	Additions	Deletions	General Fixed Assets 6/30/88
General Government				
Legislative	$ 875	$ 235	$ 128	$ 982
Executive	39,139	734	136	39,737
Judicial	639	81	41	679
Total General Government	40,653	1,050	305	41,398
Public Safety/Corrections				
Law Enforcement	10,197	1,211	-	11,408
Corrections	39,786	4,022	3,479	40,329
Professional/Business Regulation	927	168	9	1,086
Safety	7,859	2,253	1,480	8,632
Total Public Safety/Corrections	58,769	7,654	4,968	61,455
Transportation	38,132	9,668	4204	43,596
Health/Social Services				
Health/Environment	4,060	510	212	4,358
Social Services/Welfare	8,169	469	212	8,426
Mental Health	27,568	2,165	-	29,733
Veterans Affairs	3,155	4	6	3,153
Total Health/Social Services	42,952	3,148	430	45,670
Educational/Cultural				
Educational	13,109	382	259	13,232
Cultural	27,056	10	7	27,059
Total Educational/Cultural	40,165	392	266	40,291
Resource Development/Recreation				
Resource Development	30,423	753	220	30,956
Recreation	43,983	4,781	1,494	47,270
Agricultural	743	51	18	776
Total Resource Development/Recreation	75,149	5,585	1,732	79,002
Economic Development/Assistance	14,531	706	118	15,119
Construction in Progress	6,112	588	4,050	2,650
Total General Fixed Assets	$ 316,463	$ 28,791	$ 16,073	$ 329,181

HIGHER EDUCATION FUNDS

The Higher Education Funds are used to account for all transactions relating to the State's public institutions of higher education, including six university units and five vocational-technical centers. A brief description of each Higher Education Fund follows.

Current Funds

Unrestricted

General Operating - This fund includes the portion of financial resources that can be expended for general operations and is free of externally imposed restrictions, except those imposed by the Legislature.

Designated - This fund includes financial resources associated with general operations but are separately classified in order to accumulate costs that are to be recharged to other funds. It also identifies educational departments' special activities that are fully supported by supplemental assessments and identifies special supply and facility fees that are approved for collections beyond normal course fees and their disposition.

Auxiliary - This fund includes those financial resources devoted to providing essential on-campus services primarily to students, faculty or staff where a fee relating to the service is charged.

Restricted - This fund includes the portion of financial resources that can be expended for general operations but only for purposes imposed by sources external to the Board of Regents and the Legislature.

Fiduciary Funds

Student Loans - Accounts for monies which may be loaned to students, faculty or staff for purposes related to education, organized research or public services by the higher education system.

Endowment - Accounts for monies where the principal is available for investment. Investment earnings are to be transferred to appropriate operating funds pursuant to prevailing administrative requirements.

Agency - Accounts for monies where the State acts in the capacity of a custodian or fiscal agent for individual students, faculty, staff or qualified organizations.

Plant Funds

Unexpended - Accounts for unexpended resources derived from various sources to finance the acquisition of plant assets and the associated liabilities.

Renewal and Replacement - This fund's resources provide for the renewal and replacement of plant fund assets as distinguished from additions and improvements.

Retirement of Indebtedness - This fund accumulates resources for interest and principal payments and other debt service charges, including contributions to reserves, relating to plant fund indebtedness.

Investment in Plant - This fund includes all long-lived assets in the service of the higher education unit as well as all associated liabilities.

STATE OF MONTANA
Combining Balance Sheet
All Higher Education Funds
June 30, 1988
(Expressed in Thousands)

	CURRENT FUNDS			
	UNRESTRICTED			
	GENERAL OPERATING	DESIGNATED	AUXILIARY	RESTRICTED
ASSETS:				
Cash/Cash Equivalents	$ 11,236	$ 2,706	$ 1,065	$ 2,279
Cash with Fiscal Agent	-	-	-	-
Receivables (Net)	654	515	688	3,775
Interfund Loans Receivable	3,974	-	525	170
Due from Other Governments	1	3	-	1,063
Due from Other Funds	3,511	3,555	564	1,167
Inventories	65	2,014	2,182	-
Equity in Pooled Cash/Investments	137	475	5,623	1,792
Long-Term Notes/Loans Receivable	-	23	-	-
Investments	-	-	-	-
Land	-	-	-	-
Buildings/Improvements	-	-	-	-
Equipment	-	-	-	-
Other Fixed Assets	-	-	-	-
Construction in Progress	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	588	229	39	35
TOTAL ASSETS	$ 20,166	$ 9,520	$ 10,686	$ 10,281
LIABILITIES/FUND BALANCES:				
Liabilities:				
Accounts Payable	$ 8,753	$ 1,265	$ 1,516	$ 1,779
Interfund Loans Payable	-	1,494	756	3,807
Due to Other Governments	3	-	-	226
Due to Other Funds	6,417	2,124	597	1,273
Deferred Revenue	1,521	177	342	720
Installment Purchase/Lease Payable	-	-	-	-
Bonds/Notes Payable	-	-	-	-
Property Held in Trust	215	10	205	6
Compensated Absences Payable	11,061	1,187	819	1
Other Liabilities	-	-	-	-
Total Liabilities	27,970	6,257	4,235	7,812
Fund Balances:				
Net Investment in Plant	-	-	-	-
Reserved For:				
Encumbrances	1,907	240	2	50
Debt Service	-	-	-	-
Student Loans/Endowments	-	-	-	-
Unreserved	(9,711)	3,023	6,449	2,419
Total Fund Balances	(7,804)	3,263	6,451	2,469
TOTAL LIABILITIES/FUND BALANCES	$ 20,166	$ 9,520	$ 10,686	$ 10,281

FIDUCIARY FUNDS			PLANT FUNDS				TOTALS - JUNE 30	
STUDENT LOANS	ENDOWMENTS	AGENCY	UNEXPENDED	RENEWAL AND REPLACEMENT	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	1988	1987
$ 626	$ 205	$ 711	$ 5,539	$ 1,156	$ 3,087	$ -	$ 28,610	$ 20,952
94	-	-	291	6	2,576	-	2,967	6,112
15,413	-	143	172	46	770	-	22,176	20,927
60	-	42	421	1,863	297	-	7,352	4,946
2	-	-	-	-	-	-	1,069	1,375
4	22	1,794	1,[illegible]66	322	1,616	-	13,921	19,599
-	-	-	-	-	-	-	4,261	4,498
832	1,917	691	1,424	2,109	1,093	-	16,093	11,624
847	-	25	-	-	-	-	895	37
-	-	47	1,249	1,266	8,577	-	11,139	12,280
-	-	-	-	-	-	9,329	9,329	9,038
-	-	-	-	-	-	252,078	252,078	255,622
-	-	-	-	-	-	94,574	94,574	87,433
-	-	-	-	-	-	46,671	46,671	45,052
-	-	-	4,870	623	-	1,700	7,193	2,997
-	-	-	-	-	-	722	722	410
-	-	5	604	75	3,223	-	4,798	7,525
$ 17,878	$ 2,144	$ 3,458	$ 15,936	$ 7,466	$ 21,239	$ 405,074	$ 523,848	$ 510,427
$ 4	$ -	$ 1,109	$ 353	$ 135	$ 2,502	$ -	$ 17,416	$ 17,733
24	-	176	504	91	500	-	7,352	5,412
-	-	151	-	-	-	-	380	251
14	14	657	443	1,870	692	-	14,101	13,358
-	-	-	36	14	50	-	2,860	1,225
-	-	-	-	-	-	1,078	1,078	1,164
-	-	-	10,062	625	-	75,449	86,136	78,258
-	-	1,365	-	-	-	-	1,801	1,500
-	-	-	-	-	-	-	13,068	13,299
-	-	-	-	-	-	-	-	6,492
42	14	3,458	11,398	2,735	3,744	76,527	144,192	138,692
-	-	-	-	-	-	328,547	328,547	336,844
-	-	-	61	8	-	-	2,268	1,111
-	-	-	-	-	17,495	-	17,495	9,442
17,836	2,130	-	-	-	-	-	19,966	14,277
-	-	-	4,477	4,723	-	-	11,380	10,061
17,836	2,130	-	4,538	4,731	17,495	328,547	379,656	371,735
$ 17,878	$ 2,144	$ 3,458	$ 15,936	$ 7,466	$ 21,239	$ 405,074	$ 523,848	$ 510,427

MONTANA Before Statehood

"Custers defeat had as its most important result the determination to inflict a series of defeats on the hostiles so severe that the Indians would have no choice but to return permanently to the reservations. The instrument of this policy was Colonel Nelson A. Miles and his 5th U.S. Infantry Regiment. Miles' punitive campaigns of the fall and winter of 1876-1877 broke the power of all the hostile bands but one. Sitting Bull and his followers, after several minor battles and skirmishes, fled to Canada, where they remained until 1881, posing a constant if distant threat. Edwin M. Brown, a trumpeter with Company B, 5th Infantry, in writing his friend, John Penwell, discussed those critical campaigns. The selection below recounted events of October 20-22, 1876 through the eyes of a private as much interested in his own safety as he was in the success of the campaign." (1)

****

"We had come to a valley and halted to rest when the Indians...appeared on the bluff to our left with a white flag. They sent a Chief in, with a request to Gen. Miles to come out halfway and hold a council. The Gen. granted them this request, who, with a small escort went out to meet the famous Sitting Bull. They held a long pow-wow, but no satisfaction could they gain from the General, who wanted them to surrender on the spot, or fight....They withdrew a few rods and held a pow-wow among themselves; finally a Chief rode up to Gen. Miles asking him to withdraw his troops and give them till the morning to decide the matter....

The request was granted by Gen. Miles, who marched us back eight miles and went in camp. I suppose the General began to think they were shamming and were only asking this request in order to give their camp time to move. Early next morning we pulled out and started in pursuit of them; before we got to them we could see them watching us from the bluffs; Gen. Miles has surmised correct, they were indeed moving their village.... They looked like a vast herd of buffalo. The warriors had all stopped back to give us a reception....

An Indian was seen setting the prairie on fire about one hundred yards from the command; the General ordered a scout to go and put a stop to his work; the scout rode out and shouted at him, but fired at the same time. The Indian rolled over on the burning grass, we did not stop to ascertain if he were dead, but marched straight ahead towards the Indians which occupied the bluffs ahead of us. The bluffs were literally swarmed with the "red varmints." By this time the prairie was a solid wall of fire around us; after the scout had shot this Indian which set the prairie on fire the "opera" commenced. Bullets whistled lively over our". . . (2)

****

Narration (1) and an excerpt from a letter (2) on pages 80-81 of the book, Not in Precious Metals Alone, A manuscript History of Montana, published by the Montana Historical Society. Copyright permission courtesy of the Montana Historical Society.

MONTANA Before Statehood

Advance of Civilization (Northern Pacific Locomotive). L.A. Huffman, photographer. No date.

Detail of Photograph Courtesy of Montana Historical Society

STATISTICAL AND ECONOMIC DATA

Financial presentations included in this section provide users a better historical perspective through detailed data on economic and social characterisitics, financial trends and the fiscal capacity of the State.

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STATE OF MONTANA
REVENUES BY SOURCE
ALL GOVERNMENTAL FUND TYPES
Last Six Fiscal Years (1)
(Expressed in Thousands)

	1983	1984	1985	1986	1987	1988
Licenses/Permits (3)	$ 53,400	$ 51,156	$ 63,744	$ 77,537	$ 80,444	$ 62,574
Taxes (2) (3)	401,895	474,850	519,175	599,112	578,509	715,724
Charges for Services/Fines/Forfeits	10,296	27,899	18,635	35,125	48,340	52,990
Investment Earnings	86,051	105,624	118,036	68,879	24,920	31,149
Reimbursements	19,083	11,826	15,681	-	-	-
Sale of Documents/Mdse./Property	5,953	2,298	16,245	15,220	5,749	3,382
Rentals/Leases/Royalties	1,139	1,350	1,389	888	796	383
Contributions/Premiums	42	271	341	280	451	410
Grants/Contracts/Donations	7,238	1,924	2,034	3,942	6,254	5,936
Federal	281,502	336,201	390,240	400,247	413,923	427,381
Federal Indirect Cost Recoveries	-	-	-	3,032	3,296	1,747
Other Revenues	1,707	2,902	2,372	6,967	6,193	5,052
Totals	$ 868,306	$ 1,016,301	$ 1,147,892	$ 1,211,229	$ 1,168,875	$ 1,306,728

NOTES: (1) Comparable revenues by source are not available for fiscal years prior to 1983.
(2) Prior to 1986, the 45 mill levy supporting the School Foundation program was not included.
(3) 1988 - A change in reporting the State's insurance premium tax resulted in an increase in Taxes with a corresponding decrease in Licenses/Permits.

STATE OF MONTANA
EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
Last Six Fiscal Years (1)
(Expressed in Thousands)

	1983	1984	1985	1986	1987	1988
General Government	$ 73,748	$ 50,420	$ 51,268	$ 56,461	$ 51,054	$ 46,308
Public Safety/Corrections	46,576	50,646	56,191	57,382	58,140	66,366
Transportation	161,891	213,698	264,285	269,806	242,470	233,092
Health/Social Services	248,355	270,033	291,851	304,708	352,299	358,860
Education/Cultural (2)	203,919	213,977	222,631	318,640	313,616	328,669
Resource Development/Recreation	43,588	45,698	51,675	52,385	48,468	57,630
Economic Development/Assistance	34,367	76,198	84,866	87,887	87,737	71,197
Debt Service:						
Principal Retirement	3,734	61,311	7,586	55,491	116,393	9,176
Interest/Fiscal Charges	7,244	12,944	16,829	21,957	22,859	21,751
Capital Outlay	25,701	30,159	39,096	41,118	30,815	30,669
Totals	$ 849,123	$ 1,025,084	$ 1,086,278	$ 1,265,835	$ 1,323,851	$ 1,223,718

NOTES: (1) Comparable expenditures by function are not available for fiscal years prior to 1983.
(2) Prior to 1986, the 45 mill levy supporting the School Foundation program was not included.

STATE OF MONTANA
PROPERTY TAX LEVIES AND COLLECTIONS (1)
Last Ten Fiscal Years
(Expressed in Thousands)

FISCAL YEAR	TOTAL TAX LEVY(a)	TOTAL TAX COLLECTIONS(b)	PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY
1979	$ 15,356	$ 15,194	98.9 %
1980	13,984	13,575	97.1
1981	13,587	13,060	96.1
1982	13,714	13,901	101.4
1983	15,084	14,213	94.2
1984	14,987	15,018	100.2
1985	16,025	17,014	106.2
1986	16,272	16,879	103.7
1987	15,656	15,665	100.0
1988	N/A	14,561	N/A

N/A - Information not available

NOTE: (1) Property taxes are levied in one fiscal year and collected in subsequent fiscal years (i.e., the fiscal year column relates to the column "Total Tax Collections" only).

SOURCES: (a) Montana Department of Revenue Reports to the Legislature
(b) Montana Statewide Budgeting and Accounting System

STATE OF MONTANA
TAXABLE AND MARKET (ASSESSED) VALUE OF PROPERTY (1)
Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Taxable to Total Market (Assessed) Value
	Taxable Value	Assessed Value	Taxable Value	Assessed Value	Taxable Value	Assessed Value	
1978	$ 1,132,364	$ 8,713,629	$ 435,921	$ 4,390,091	$ 1,568,285	$ 13,103,720	12.0 %
1979	1,153,518	9,006,273	468,434	4,735,543	1,621,952	13,741,816	11.8
1980	1,335,994	9,672,954	509,015	5,455,106	1,845,009	15,128,060	12.2
1981	1,514,913	10,169,188	505,718	5,702,783	2,020,631	15,871,971	12.7
1982	1,820,293	11,179,906	384,199	4,772,574	2,204,492	15,952,480	13.8
1983	1,881,320	11,901,426	352,065	3,895,305	2,233,385	15,796,731	14.1
1984	1,947,241	12,598,756	383,642	4,133,338	2,330,883	16,732,094	13.9
1985	2,016,373	13,094,912	353,760	3,855,595	2,370,133	16,950,507	14.0
1986	1,981,731	24,060,549	324,557	3,630,367	2,306,288	27,690,916	8.3
1987	1,677,107	23,505,493	323,638	3,880,354	2,000,745	27,385,847	7.3

NOTE: (1) - Taxable property in Montana must be assessed at 100% of its market value except mining property and agricultural lands. Mining property is assessed based on net and gross proceeds from mineral production. The assessment on agricultural land is based on productive capacity.

- Taxable value is that against which the mill levy is applied. These values are arrived at by the appropriate ratios found in Montana's Classification Act to the assessed values (e.g., the taxable value of residential property is 30% of its assessed value).

- Assessed value was changed from varying percentages of market value to full market value in 1978.

- The increase in Fiscal Year 1986 was primarily due to a reappraisal from 1978 values to 1982 values.

SOURCE: Montana Department of Revenue Reports to the Legislature

STATE OF MONTANA
PROPERTY TAX RATES-ALL OVERLAPPING GOVERNMENTS
(Per $100 Of TAXABLE VALUE)
Last Ten Fiscal Years

Fiscal Year	State of Montana Special Revenue Funds	Schools	Counties	Cities	Miscellaneous	Total
1978	$ .98	$ 11.95	$ 4.48	$ 2.76	$ 1.00	$ 21.17
1979	.86	13.03	4.71	2.89	1.15	22.64
1980	.74	13.29	4.67	2.86	1.12	22.68
1981	.68	13.35	4.79	2.83	1.22	22.87
1982	.68	12.76	4.78	1.80	2.04	22.06
1983	.67	12.90	4.96	2.71	1.37	22.61
1984	.69	14.12	4.86	2.78	1.32	23.77
1985	.69	13.98	5.18	2.95	1.33	24.13
1986	.68	14.88	5.42	3.18	1.47	25.63
1987	.69	15.86	5.94	3.65	1.46	27.60

SOURCE: Department of Revenue Reports to the Legislature

STATE OF MONTANA
PROPERTY TAX MILL LEVY FOR STATE PURPOSES
Last Ten Years

This portion of the property tax levy was developed to provide a non-discriminatory method of financing public education in Montana. The State has statutory authority to levy up to six mills for the support of the State's higher education system. Until 1981, additional levies for equalization of school funding were levied from time to time to cover deficiencies in the school equalization account. The General Fund is now charged with making up any deficiencies in the equalization system. In addition, the Legislature is directed by law to levy at each legislative session a tax of up to two mills on all taxable property in the State to provide for any deficiencies in the General Fund.

Levy Year	Higher Education System	Vo-Tech Centers	Primary & Secondary Schools	Total Mill Levy
1979	6.00	-	43.20	49.20
1980	6.00	-	41.00	47.00
1981	5.65	-	40.00	45.65
1982	6.00	-	40.00	46.00
1983	5.86	-	40.00	45.86
1984	6.00	-	45.00	51.00
1985	6.00	-	45.00	51.00
1986	6.00	-	45.00	51.00
1987	6.00	1.50	45.00	52.50
1988	6.00	1.50	45.00	52.50

Each mill represents one dollar of tax levied on each thousand dollars worth of taxable property. The amount of property taxes needed for the year (net levy) is divided by the percentage determined collectible. This gross levy is then divided by the assessed valuation to arrive at the mill levy. For example, 1987's 6.0 mills would levy a tax of $36.00 on property with a taxable value of $6,000.

SOURCE: Montana Department of Revenue - Research and Information Division

STATE OF MONTANA
RATIO OF DIRECT STATE DEBT TO ASSESSED VALUE AND DIRECT STATE DEBT PER CAPITA
Last Ten Fiscal Years

	(Expressed in Thousands)			Direct State Debt Per	
Fiscal Year	Population(a)	Assessed Value(1)(b)	Direct State Debt(2)(c)	Assessed Value	Capita
1979	789	$13,741,817	$ 10,538	$ .08	$ 13.41
1980	789	15,128,059	29,356	.19	37.30
1981	796	15,871,972	27,345	.17	34.40
1982	805	15,952,480	62,362	.39	77.47
1983	816	15,796,731	57,940	.37	70.92
1984	824	16,732,094	107,541	.64	130.51
1985	825	16,950,507	100,835	.59	122.08
1986	819	27,690,916	106,814	.39	130.42
1987	809	27,385,847	99,402	.36	122.87
1988	N/A	N/A	91,542	.33*	113.15 *

N/A - Information not available.

* Calculated using 1987 information.

NOTES: (1) Assessed value was changed from varying percentages of market value to full market value in 1978. The 1986 increase was primarily due to a reappraisal from 1978 values to 1982 values.
(2) Includes only General Obligation Bonds.

SOURCES: (a) Montana Department of Commerce, Census and Economic Information Center
(b) Montana Department of Revenue Reports to the Legislature
(c) 1987 Summary of State Bonded Debt

STATE OF MONTANA
RATIO OF ANNUAL DEBT SERVICE TO TOTAL GENERAL EXPENDITURES
Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	Total Debt Service	Total General Expenditures	Ratio
1979	$ 3,676	$ 625,670	0.59
1980	6,229	686,686	0.91
1981	6,323	730,401	0.87
1982	12,576	813,767	1.55
1983	10,978	849,123	1.29
1984	74,255	1,025,084	7.24
1985	24,415	1,086,278	2.25
1986	77,448	1,265,835	6.12
1987	139,252	1,323,851	10.52
1988	30,927	1,223,718	2.53

SOURCE: Montana Financial Reports 1979-1988

STATE OF MONTANA
REVENUE BOND COVERAGE
DISCRETE ENTITIES (1)
Last Eight Fiscal Years (2)
(Expressed in Thousands)

Fiscal Year	Gross Revenues	Operating Expenses	Net revenue available for debt service(3)	Debt Service Requirements	
				Total	Coverage
1980	$ 36,208	$ 14,321	$ 22,549	$ 14,492	1.56
1981	42,516	15,999	27,205	21,113	1.29
1982	47,511	19,083	29,112	23,544	1.24
1983	55,487	21,199	35,012	32,094	1.09
1984	66,948	20,152	46,796	41,279	1.13
1985	43,918	29,482	14,436	7,389	1.95
1986	44,595	27,454	17,140	13,171	1.30
1987	34,803	25,635	9,170	6,300	1.46

NOTES: (1) Discrete entities for 1985 include State-owned universities and colleges. Prior to 1985 the Montana Board of Housing was also included as a discrete entity. (Information to calculate the coverage for the Montana College of Mineral Science and Technology was not available until 1985 since no yearly audit was required for their revenue bonds exclusive of the college as a whole.)

(2) Comprehensive information was unavailable prior to fiscal year 1980.

(3) During 1980 through 1984 net revenues were defined by the bond resolution for the University of Montana's Building Fees Resolution. No gross revenue or operating expenses figures were available for this resolution; therefore, the difference between gross and operating revenues does not equal the net revenue available for debt service each year reported above. This difference is equal to the amount of net revenues defined by the Building Fees Resolution. Total debt service requirements and coverage are not affected.

SOURCE: Annual audit reports for each discrete entity.

STATE OF MONTANA
ANALYSIS OF OUTSTANDING BONDED DEBT (1)
BY RANGE OF INTEREST RATE
June 30, 1988
(Expressed in Thousands)

Range of Interest Rate (2)	Outstanding Debt	% of Total Outstanding Bonded Debt
2.01 to 3.00	$ 607	0.16 %
3.01 to 4.00	448	0.12
4.01 to 5.00	4,056	1.07
5.01 to 6.00	27,682	7.31
6.01 to 7.00	90,932	24.01
7.01 to 8.00	137,155	36.23
8.01 to 9.00	85,859	22.67
9.01 to 10.00	31,920	8.43
Total Bonded Debt	$ 378,659	100.00 %

NOTES: (1) Excludes bonds/notes of Montana's Board of Housing & Health Facilities Authority; also excludes Economic Development bonds & the Communications Fund's Certificates of Participation.

(2) Face value coupon rates.

SOURCE: 1988 Summary of State Bonded Debt

STATE OF MONTANA
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS (1)
Last Ten Fiscal Years
(Expressed in thousands, except for number of permits)

	Construction				
	Residential(a)		Commercial(b)		
Calendar Year	Number of permits issued	Valuation*	Number of permits issued	Cost of construction	Bank Deposits(c)
1977	5,627	$ 130,579	N/A	$ N/A	$ 4,181,140
1978	4,817	128,945	N/A	N/A	4,701,078
1979	3,121	90,077	N/A	N/A	5,079,688
1980	2,374	71,361	N/A	N/A	5,459,614
1981	1,954	68,085	324	32,383	5,961,142
1982	2,052	70,729	279	26,497	6,306,971
1983	3,057	131,167	269	30,636	6,859,295
1984	2,837	129,019	251	38,537	7,353,755
1985	2,034	86,925	295	33,018	7,615,431
1986	1,153	57,348	321	24,383	7,825,147
1987	792	47,607	292	24,667	6,028,556

	Property (Assessed) Values(d)					
Fiscal Year	Agriculture	Commercial/ Industrial	Personal/ Real	Utilities	Other**	Total(2)
1978	$ 1,040,153	$ 746,105	$ 9,259,972	$ 930,450	$ 1,127,040	$13,103,720
1979	1,069,826	758,507	9,789,906	957,929	1,165,648	13,741,816
1980	1,106,475	864,620	10,710,413	1,582,788	863,764	15,128,060
1981	1,148,841	1,019,930	11,076,029	1,794,413	832,758	15,871,971
1982	1,170,436	1,513,659	9,556,177	2,663,227	1,048,981	15,952,480
1983	1,234,102	2,081,796	8,301,769	3,088,980	1,090,084	15,796,731
1984	1,260,872	2,188,062	8,683,164	3,529,623	1,070,373	16,732,094
1985	1,264,861	2,412,051	8,752,473	3,395,396	1,125,726	16,950,507
1986	2,324,395	5,420,997	15,037,897	3,901,322	1,006,305	27,690,916
1987	2,375,066	5,172,038	14,813,180	4,337,965	687,598	27,385,847

N/A - Information not available

* 1980-1984: Information on publicly owned (contract awards) housing units was not available.
**Other property includes mining, coal and miscellaneous.

NOTE: (1) - Nontaxable property value information is not available.
(2) - Assessed value was changed from varying percentages of market value to market value in 1978. The increase in Fiscal Year 1986 was primarily due to a reappraisal from 1978 values to 1982 values.
- Bank deposits are the aggregate of State Banks and Trust Companies, National Banks, Savings and Loans and Credit Unions. Credit Union balances are as of the previous December 31; all others are as of June 30.

SOURCES: (a) - U.S. Department of Commerce - Bureau of the Census
(b) - Montana Department of Commerce - Building Codes Division
(c) - Montana Department of Commerce - State Banks and Trust Companies and National Banks
- Federal Home Loan Bank of Seattle - Savings and Loans
- Montana Credit Unions League - Credit Unions
(d) - Montana Department of Revenue Reports to the Legislature

STATE OF MONTANA
INCOME DATA
Last Ten Years

Total Personal Income
(Millions)

	Montana		Rocky Mountain Region(1)		United States	
Year	Amount	% Increase	Amount	% Increase	Amount	% Increase
1978	$ 5,860		$ 48,870		$ 1,806,968	
1979	6,428	9.7	55,747	14.1	2,028,510	12.3
1980	7,040	9.5	63,097	13.2	2,254,076	11.1
1981	7,858	11.6	71,425	13.2	2,514,231	11.5
1982	8,118	3.3	76,356	6.9	2,663,432	5.9
1983	8,504	4.8	80,924	6.0	2,834,385	6.4
1984	8,922	4.9	86,932	7.4	3,101,163	9.4
1985	9,095	1.9	91,450	5.2	3,320,346	7.1
1986	9,583	5.4	94,847	3.7	3,528,589	6.3
1987	9,992	4.3	98,534	3.9	3,768,125	6.8
Average Annual Rate of Growth		5.68%		7.74%		7.78%

Per Capita Income

	Montana		Rocky Mountain Region(1)		United States	
Year	Amount	% Increase	Amount	% Increase	Amount	% Increase
1978	7,474		7,811		8,136	
1979	8,146	9.0	8,658	10.8	9,033	11.0
1980	8,924	9.6	9,568	10.5	9,919	9.8
1981	9,874	10.6	10,576	10.5	10,949	10.4
1982	10,084	2.1	11,028	4.3	11,482	4.9
1983	10,424	3.4	11,457	3.9	12,100	5.4
1984	10,836	4.0	12,162	6.2	13,116	8.4
1985	11,021	1.7	12,673	4.2	13,910	6.1
1986	11,726	6.4	13,070	3.1	14,639	5.2
1987	12,347	5.3	13,546	3.6	15,481	5.8
Average Annual Rate of Growth		5.20%		5.94%		6.80%

NOTE: (1) The Rocky Mountain Region includes Montana, Colorado, Idaho, Utah and Wyoming

SOURCE: U.S. Department of Commerce - Bureau of Economic Analysis Survey of Current Business - August, 1988.

STATE OF MONTANA
PUBLIC EDUCATION INSTITUTIONS
FALL ENROLLMENT (1)
Last Ten Years

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
TOTAL GRADES PRE-K-12(a)	164,326	158,208	155,073	153,435	152,401	153,646	154,412	154,072	153,327	152,207
MONTANA UNIVERSITY SYSTEM(b)										
University of Montana	7,868	8,010	8,283	8,226	8,458	8,431	8,265	8,186	8,017	7,552
Montana State University	9,555	9,811	10,338	10,675	10,691	10,789	10,353	10,104	9,671	9,287
Montana Tech**	1,139	1,247	1,531	1,791	2,048	2,090	1,880	1,659	1,573	1,582
Western Montana College	643	699	825	820 **	859 **	882 **	880 **	854 **	928 **	828 **
Eastern Montana College	2,910	2,964	3,177	3,329	3,494	3,538	3,468	3,480	3,324	3,303
Northern Montana College	1,149	1,235	1,382	1,542	1,663	1,745	1,707	1,693	1,710	1,551
TOTAL UNIVERSITIES	23,264	23,966	25,536	26,383	27,213	27,475	26,553	25,976	25,223	24,103
VOCATIONAL TECHNICAL CENTERS(b)										
Billings Vo-Tech Center	546	458	521	565	490	400	448	489	446	398
Butte Vo-Tech Center	450	350	412	414	418	294	395	414	390	395
Great Falls Vo-Tech Center	387	431	530	547	540	423	428	391	416	473
Helena Vo-Tech Center	815	868	949	929	961	700	665	647	570	577
Missoula Vo-Tech Center	554	667	715	705	759	471	588	578	507	487
TOTAL VOCATIONAL TECHNICAL CENTERS	2,752	2,774	3,127	3,160	3,168	2,288	2,524	2,519	2,329	2,330

** Semester Calendar

NOTE: (1) The University System is based on fiscal year full-time equivalent enrollment.
The Vocational Technical Centers' enrollment is based on total contact hours.

SOURCES: (a) Montana Office of Public Instruction
(b) Montana Commissioner of Higher Education

STATE OF MONTANA
DEMOGRAPHIC STATISTICS
Last Ten Years

Fiscal Year	Population (1)(a)	Per Capita Income (1)(a)	Public School Enrollment Pre-K-12 (2)(b)	Montana University System Enrollment (2)(b)	Average Montana Unemployment Rate (1)(c)	Average U.S. Unemployment Rate (1)(c)	Average Civilian Labor Force (1)(c)	Average Total Employment(1)(c)	Average Unemployment(1)(c)
1979	789,000	$ 8,146	164,326	23,264	5.1 %	5.8 %	371,000	352,000	19,000
1980	789,000	8,924	158,208	23,966	6.1	7.1	370,000	347,000	23,000
1981	796,000	9,877	155,073	25,536	6.9	7.6	384,000	357,000	27,000
1982	805,000	10,078	153,435	26,383	8.6	9.7	392,000	358,000	34,000
1983	816,000	10,411	152,401	27,213	8.8	9.6	394,000	359,000	35,000
1984	824,000	10,826	153,646	27,475	7.4	7.5	406,000	376,000	30,000
1985	825,000	11,031	154,412	26,553	7.7	7.5	409,800	378,200	31,600
1986	819,000	11,803	154,072	25,976	8.5	7.3	402,600	368,500	34,100
1987	809,000	12,347	153,327	25,223	8.0	6.7	404,500	372,300	32,200
1988	N/A	N/A	152,207	24,103	8.1	5.8	404,420	371,620	32,800

N/A - Information not available

NOTES:
(1) Based on calendar year.
(2) Based on academic year - includes public schools (pre-K-12) and State-owned universities and colleges.

SOURCES:
(a) U.S. Department of Commerce - Bureau of Economic Analysis
(b) - Montana Office of Public Instruction - public schools
- Montana Commissioner of Higher Eucation - universities and colleges
(c) Montana Department of Labor and Industry - Research Bureau

STATE OF MONTANA
EMPLOYMENT IN MONTANA INDUSTRIES (1)
(Thousands of Persons)
Last Ten Years

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Durable Goods	17.4	17.9	15.2	14.2	11.7	13.0	13.8	13.5	12.7	12.7
Non-Durable Goods	8.9	9.1	9.0	9.0	8.9	9.1	8.7	8.2	8.5	8.2
Mining	7.0	7.7	8.8	11.5	9.3	7.4	7.7	6.8	5.9	5.7
Contract Construction	16.7	15.6	14.5	13.3	13.4	13.3	12.5	11.3	10.3	8.8
Transportation	13.5	14.2	13.1	13.1	12.3	11.2	11.8	12.0	20.4	19.5
Communications/Utilities	8.2	8.9	9.3	9.5	9.7	9.2	9.0	8.6	8.6	8.1
Wholesale Trade	16.5	17.4	17.8	17.9	17.2	17.1	17.4	16.8	15.3	15.0
Retail Trade	55.7	56.1	54.5	55.0	54.7	56.5	58.5	58.8	57.2	57.6
Finance/Insurance/Real Estate	12.2	12.7	12.9	12.9	12.8	13.0	13.4	13.3	13.0	13.2
Medical/Other Health Services	17.2	17.5	18.2	19.4	20.4	20.9	21.0	21.3	21.9	23.1
Other Services	35.4	36.7	36.9	36.7	35.9	36.9	38.6	38.8	30.3	31.3
Federal Government	13.6	13.9	13.8	13.6	13.1	13.0	12.8	12.4	12.8	12.7
State Colleges/Universities	8.6	7.9	8.2	7.8	8.0	8.3	8.4	8.5	8.8	8.6
Other State Government	11.1	10.8	10.8	10.4	10.0	10.3	10.5	10.8	10.7	10.4
Local Education	23.8	22.8	23.1	22.5	21.4	21.8	21.8	22.0	22.9	22.8
Other Local Government	14.6	14.7	14.3	15.0	14.9	15.0	15.2	15.3	15.2	14.8
Total Non-Farm Wage/ Salary Jobs(2)	280.4	283.9	280.4	281.8	273.7	276.0	281.1	278.4	274.5	272.5

SOURCES:
(1) Montana Department of Labor and Industry - Research and Analysis Bureau
(2) Establishment Data - a count of jobs by where people work

STATE OF MONTANA
MAJOR PRIVATE EMPLOYERS IN MONTANA*
(Listed in descending number of employees)

1. Burlington Northern, Inc. (transportation, energy)
2. Montana Power Company (utilities, energy)
3. Champion International Corp. (sawmills, forest products)
4. Sisters of Charity of Providence-Montana (health care - Columbus Hospital, Great Falls; St. Patrick's Hospital, Missoula; St. Thomas Child & Family Center, Great Falls)
5. Mountain Bell (communications)
6. 4 B's Restaurants, Inc. (hospitality)
7. Montana Deaconess Hospital (health care)
8. K-Mart Corporation (retail)
9. St. Vincent Hospital & Health Center, Inc. (health care)
10. Buttrey Food & Drug (retail)

SOURCE: Montana Department of Commerce - Office of Research and Information Services
Most recent data available - July 13, 1987.

* The two largest Montana employers are public: the U.S. Government and Montana State Government

STATE OF MONTANA
(The Treasure State)
"Big Sky Country"
MISCELLANEOUS STATISTICS
June 30, 1988

(1) Date of statehood	November 8, 1889 - 41st state
(1) Form of government	Legislative-Executive-Judicial
(1) Land area - 4th largest state	145,392 square miles
Population density (Based on 1987 population)	5.56 persons per square mile
(1) Miles of paved public roads	14,400
(2) Higher Education	
State-owned Universities and Colleges	6
Vocational-Technical Centers	5
(1) Recreation:	
Number of State parks	10
Number of State monuments	18
National parks (Glacier and Yellowstone)	2
(3) State employees (full-time equivalent)	13,965

SOURCES: (1) Official Montana 1987-88 Highway Map
(2) Montana Commissioner of Higher Education
(3) State of Montana Office of Budget and Program Planning

THE GREAT SEAL OF THE STATE OF MONTANA
ORO Y PLATA

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